

AGRONOMIST

CREATING A CONNECTED COMMUNITY

ANNUAL REPORT 2017-18



HIGHLIGHTS OF **FY 2017-18**

Revenue

₹ **1106.39 Cr.**

Net Profit

₹ **83.97 Cr.**

Market Capitalization as on 31st March, 2018

₹ **1422.46 Cr.**

No. of farmers impacted through direct contact

25 Lac+

No. of Brands with turnover of over ₹ 25 Crore

08



CORPORATE INFORMATION

Board of Directors

Hari Chand Aggarwal

Chairman & Whole-time Director (DIN:00577015)

Rajesh Aggarwal

Managing Director (DIN:00576872)

Nikunj Aggarwal

Whole-time Director (DIN:06569091)

Vinod Kumar Mittal

Independent Director (DIN:07421742)

Virjesh Kumar Gupta

Independent Director (DIN:06342540)

Navin Shah

Independent Director (DIN:02701860)

S. Jayaraman

Independent Director (DIN:02634470)

Executive Officers

Sandeep Aggarwal

Chief Financial Officer

Sandeep Kumar

Company Secretary

Board Committees

Audit Committee

Vinod Kumar Mittal (Chairperson)

Virjesh Kumar Gupta

S. Jayaraman

Corporate Social Responsibility Committee

Hari Chand Aggarwal (Chairperson)

Rajesh Aggarwal

Virjesh Kumar Gupta

Ashwani Kumar Aggarwal

Nomination and Remuneration Committee

S. Jayaraman (Chairperson)

Virjesh Kumar Gupta

Navin Shah

Stakeholders Relationship Committee

Virjesh Kumar Gupta (Chairperson)

Vinod Kumar Mittal

Navin Shah

Finance Committee

Hari Chand Aggarwal (Chairperson)

Rajesh Aggarwal

Nikunj Aggarwal

Statutory Auditors

M/s. Devesh Parekh & Co.

Chartered Accountants, Delhi

M/s. S.S. Kothari Mehta & Co.

Chartered Accountants, Delhi

Secretarial Auditors

M/s. Akash Gupta & Associates

Company Secretaries, Delhi

Internal Auditors

M/s. Mohit Parekh & Co.

Chartered Accountants, Delhi

Cost Auditors

M/s. A.G.S. & Associates

Cost Accountants, Delhi

Bankers

Punjab National Bank

Citi Bank N.A.

Standard Chartered Bank

Yes Bank Ltd.

HDFC Bank Ltd.

HSBC

Registrar & Transfer Agent

Alankit Assignments Ltd.

Alankit House, 1E/13, Jhandewalan Extn.,

New Delhi - 110 055

Registered & Corporate Office

401-402, Lusa Tower,

Azadpur Commercial Complex, Delhi - 110 033

CIN : L65991DL1996PLC083909

Website : www.insecticidesindia.com

E-mail Id : investor@insecticidesindia.com

Plant Location

- a) Rajasthan
 - (i) E - 442, RIICO Industrial Area, Chopanki, (Bhiwadi) - 301 707
 - (ii) E - 443-444, RIICO Industrial Area Chopanki, (Bhiwadi) - 301 707
 - (iii) E-439-440, RIICO Industrial Area, Chopanki, (Bhiwadi) - 301 707
- b) Jammu & Kashmir
 - (i) SIDCO Industrial Growth Centre, Samba - 184 121
 - (ii) II D Centre, BattalBallian, Udhampur - 182 101
- c) Gujarat
CH-21, GIDC Industrial Estate, Dahej,
Dist. Bharuch - 392 130

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India's agriculture sector has grown at the rate of approx. 2.1 per cent in 2017-18, followed by Industry (4.4 per cent) and services (8.3 per cent), according to the Economic Survey 2017-18.

Economic Survey indicated that the government is keen on doubling farmers' income by 2022, for which it has launched several new initiatives that encompass activities from seed to marketing.

Credit from institutional sources will complement all such government initiatives like Soil Health Card, Input Management, Per Drop More Crop in Pradhan Mantri Krishi Sinchai Yojana (PMKSY), PMFBY, e-Nam, etc, the survey said.

Indian farmers are adapting to farm mechanisation at a faster rate in comparison to

recent past. The Economic Survey further added sale of tractors to a great extent reflects the level of mechanisation.

With the government's intent to double farm incomes and higher MSP, Indian Agriculture sector is looking forward for a better year. Taking in the forecast of a good monsoon, industry

“ Over 58% of India's rural households depend on agriculture as their principal means of livelihood. The share of primary sectors (including agriculture, livestock, forestry and fishery) is estimated to be 20.4% of the Gross Value Added (GVA) during 2016-17 at current prices.”

INDIAN AGRIC



experts are expecting agri- input players to report stable growth in FY19, especially after the poor Kharif season, which was impacted by GST previous year. Further, higher funds allocation by the government will support growth in irrigation and falling subsidy along with DBT implementation will brighten up the prospects of fertiliser companies.

Source: economictimes.indiatimes.com

Dominance of Indian Agriculture & Allied Sectors

| Product | World Ranking |
|---------------|---------------|
| <i>Rice</i> | <i>No. 1</i> |
| <i>Wheat</i> | <i>No. 2</i> |
| <i>Potato</i> | <i>No. 2</i> |
| <i>Tea</i> | <i>No. 2</i> |
| <i>Milk</i> | <i>No. 1</i> |
| <i>Fish</i> | <i>No. 3</i> |

Source: Wikipedia

ULTURE



CREATING A CONNECTED

Over the centuries, farmers have adopted latest technology in pursuit of greater yields. This consistent change needs to be anchored in and driven by, a strong set of shared values. Working hand-in-hand with farmers with a deep commitment to the highest quality in all products, actions and processes, IIL has introduced revolutionary products with solutions and insights that have so far enriched their lives.



COMMUNITY

Over the last 17 years, we have built some of the most enduring and trusted brands of agrochemical products by conveying the farmers' need to scientists or by finding a solution through global counterparts. The whole process has created a larger community constant striving to seek out and adopt the best technology and practices.



“In countries such as India, extreme weather conditions caused by climate change pose a severe threat to food security. Fluctuating weather patterns have increasingly manifested themselves as serious droughts or damaging floods affecting agriculture production across the country. To help Indian farmers combat the challenges linked with climate change, it is critical to provide relevant information and solution to them at the right time.”

MISSION

To make agriculture sustainable and profitable for farmers by ensuring food security for all living beings on earth by using simple and effective technologies.

VISION

To make this earth greener and cleaner through our work & product portfolio, with the quality to stand as the first choice for the farmers worldwide.



BRAND PRINCIPLE

“To bring synergistic benefits to the farmers by providing a comprehensive range of crop care product mix.”

AGGRESSIVE MARKETING COMMUNICATION

अब होगा सुन्डियों और चूसक कीटों का एक साथ **एनकाउन्टर**

ENCOUNTER INSECTICIDE

insecticides

फसल सुरक्षा की पहली खुराक

SOFIA

insecticides

चूसक कीटों के विनाश की विराट शक्ति **हरक्यूलिस**

HERCULES INSECTICIDE

insecticides

मिट्टी के कण-कण में समाए, मिट्टी को उपजाऊ बनाए **कायाकल्प**

क्या आपका खेत ब्यस्य है? आपको और भी बड़ा और बेहतर मिट्टी चाहिए, जहाँ मिट्टी में जीवन भरती है

मिट्टी के कण-कण में समाए, मिट्टी को उपजाऊ बनाए **कायाकल्प**

insecticides

चौतरफ़ा असर दिखाए **पल्सर**

Pulsor

insecticides अब शक्ति आपके हाथ में

जापानी **AIKIDO** से कर दो **BPH** को चारों खाने चित

AIKIDO

insecticides अब शक्ति आपके हाथ में

जापानी **AIKIDO** से कर दो **BPH** को चारों खाने चित

AIKIDO

insecticides अब शक्ति आपके हाथ में



H. C. AGRAWAL
Chairman

Dear Shareholders,

The Economic Survey report 2017-18 has estimated the economic growth rate of India in the fiscal year 2019 between 7% - 7.5%. On the same line, the International Monetary Fund (IMF) has said that India could grow at 7.4% in the year 2018, as against China's 6.8%, making it the fastest growing country among emerging economies. Notably, the International Monetary Fund has projected a 7.8% growth rate for India in 2019.

Moreover, Budget 2018 has brought agricultural sector to the forefront. It has laid out a whole pathway from modernising the agricultural sector for talking about telescoping the value chain so that the farmer benefits. As a part of the large agriculture fraternity of India, we need to connect the community with modern technology and resources to take this vision to next level.

CHAIRMAN'S SPEECH

According to the World Bank estimates, half of the Indian population would be urban by the year 2050. It is estimated that percentage of agricultural workers in total work force would drop to 25.7 per cent by 2050 from 58.2 per cent in 2001. Thus, there is a need to enhance the level of farm mechanisation & use of latest technology in the country.

The whole agriculture sector including government sector should take initiatives to adopt latest technology in order to expedite the technology transfer even to the last farmer. This makes the role of crop care industry pivotal for all parts of the country.

There is no secret behind the continuous surge of IIL in Agrochemical business: it is just the ability to understand the latent unexpressed needs of farmers and translate them into solutions, based on latest technology. The result is conspicuous; your company that was valued at around ₹27,941 Lacs in market capitalisation five years ago, today stands at ₹1,42,246 Lacs.

IIL's power brands are growing and penetrating further with their innovative attributes. Our breakthrough product **Kayakalp** and made in India product Green Label have received encouraging response in the market. The international business is expected to grow aggressively. And, we are set to introduce more products to empower farmers with more solutions and insights in the coming year. The bottom line is that our 'Tractor Brand' is ready to find more farmers with our passion and determination.

I sincerely thank the entire team, management and Board for their continued support, and look forward to an exciting 2018-19.

“*There is no secret behind the continuous surge of IIL in Agrochemical business: it is just the ability to understand the latent unexpressed needs of farmers and translate them into solutions, based on latest technology.*”

FROM THE DESK OF **MANAGING DIRECTOR**

It would be simplistic to assume that IIL is just in the business of Agrochemicals. IIL is, in fact, in the business of making healthy crops and happy people. People as in farmers, people as in consumers, people as in employees, people as in channel partners, investors and people as in the world at large. IIL services the interest of these diverse stakeholders by connecting all the essentials of sustainable growth.

As a growing company, IIL is continuously upgrading its intellectual capabilities & manufacturing processes to offer smart solutions to the emerging challenges of agriculture. By following an ever-evolving business model, the company is moving on the strategic path of Backward and Forward Integration. The cycle of this integration starts from taking the feedback of farmers, analysing them and taking it forward for finding a solution through R&D, International Collaborations and getting back to farmers with proper training for the best use of new technology solution.

Our recent R&D based biological breakthrough product, Kayakalp has started showing results on the ground. Its mass use is set to create a magical transformation of soil, all over the country. Marching ahead with farmer centric approach, we are looking forward to launch next generation products based on R&D and new collaborations in 2018-19. Our new state-of-the-art lab has started functioning and is awaiting the GLP Certification.

In spite of headwinds and short term disruptions, India's economy grew at 6.5 % in 2017-18. Despite the slight rate cut, it remains a preferred destination for foreign investment, ahead of China and the US for the second successive year, according to FDI Intelligence, a unit of Financial Times. As an integrated crop solution provider, we also need to match the pace of growth with the ability to engage with farmers and bolster revenues. I look forward to march ahead towards new frontiers of success with our team and stakeholders by keeping our focus on integration and technology.

“IIL is committed to fortify agriculture by touching the lives of more farmers every day.”

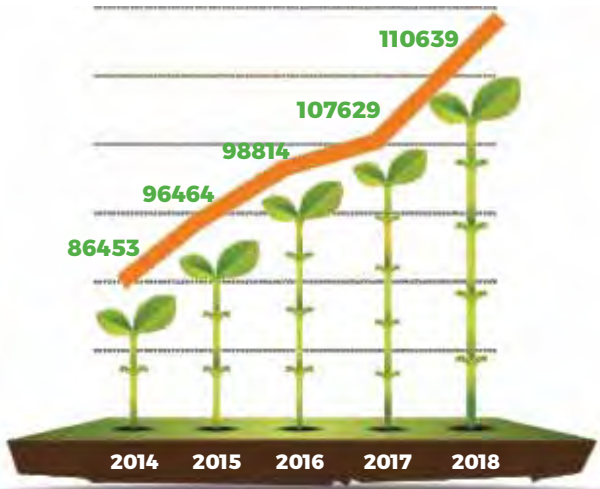




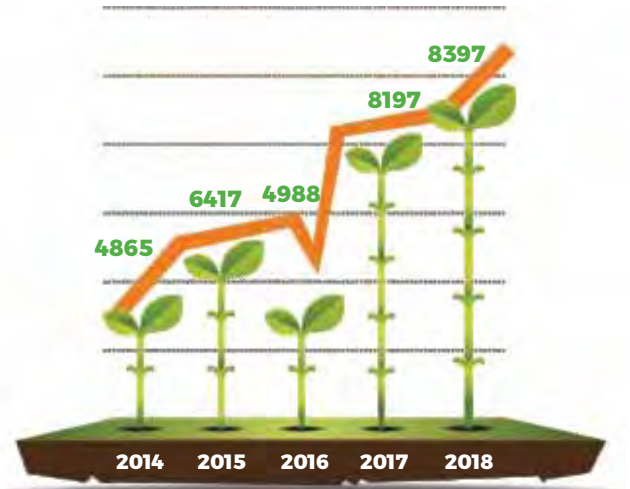
“ As a growing company, IIL is continuously upgrading its intellectual capabilities & manufacturing processes to offer smarter solutions to the emerging challenges of agriculture. By following an ever-evolving business model, the company is following the strategic path of Backward and Forward Integration. ”

RAJESH AGGARWAL
Managing Director

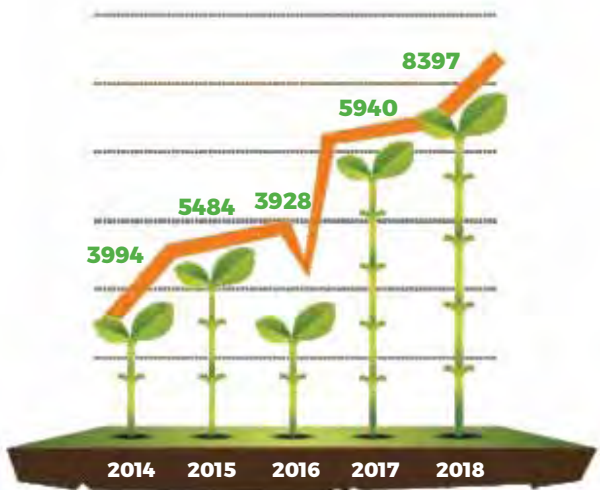
DEMONSTRATING CONTINUOUS GROWTH



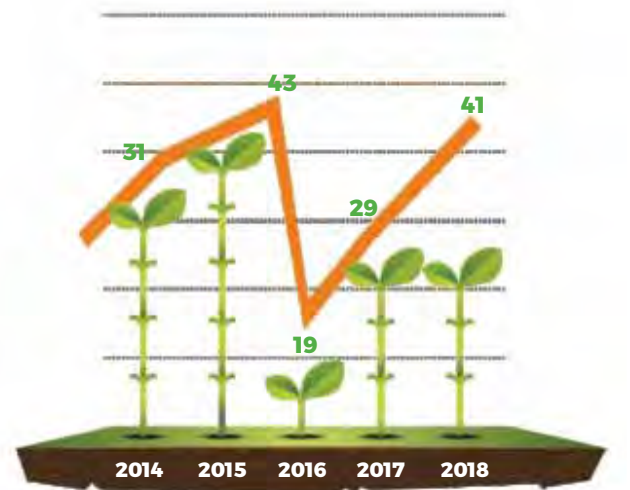
Net Revenue (₹ in lacs)



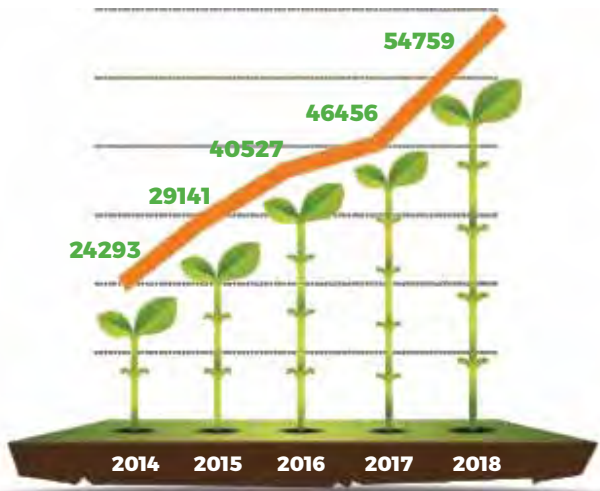
Profit Before Tax (₹ in lacs)



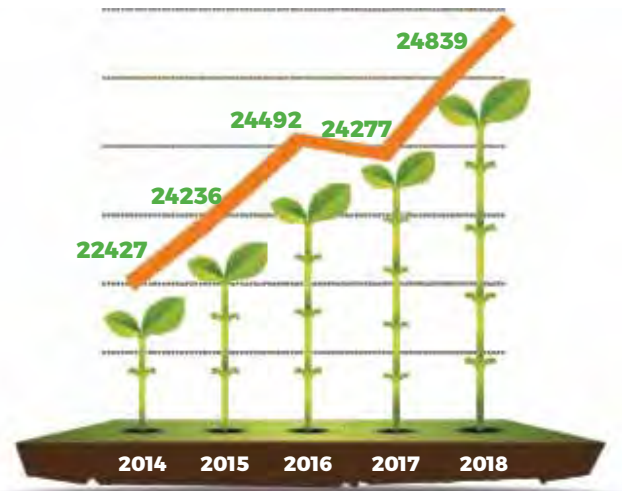
Net Profit (₹ in lacs)



Earning per share (₹)



Net Worth (₹ in lacs)



Net Block of assets (₹ in lacs)



Market Capitalization* (₹ in lacs)



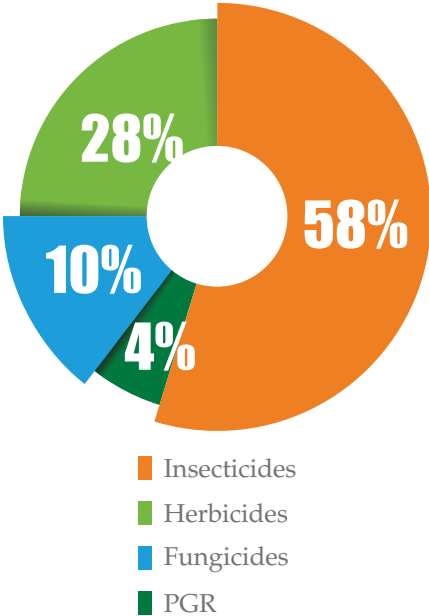
Company

*Figures are restated as per IND AS (Refer note 44 of the standalone financial statement).

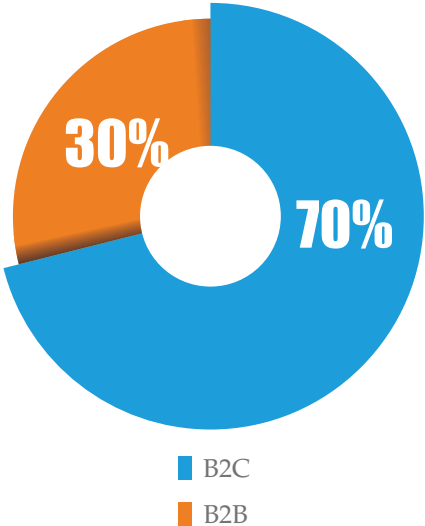
*Market Capitalization based on year end closing share price quoted on BSE Ltd.

BUSINESS MODEL

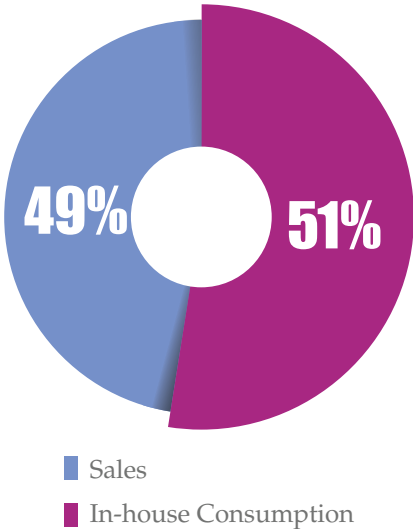
SALES BY PRODUCT CATEGORY



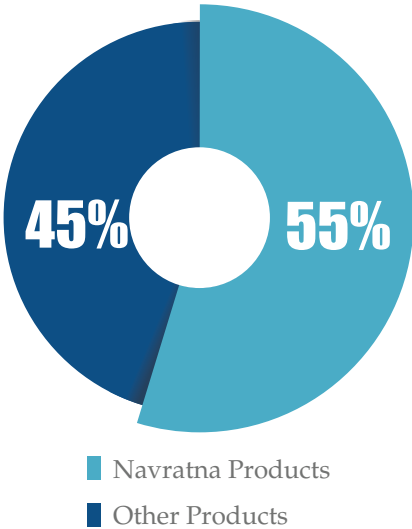
SALES BY SEGMENT



SALES Vs INTERNAL CONSUMPTION (FOR TECHNICAL)



BREAKDOWN OF TOP SELLER RANGE



CAPITAL & VALUE CREATION

Across all its businesses and operations, IIL has been working towards achieving profitable growth in an ethical, environmentally friendly and socially responsible manner. Our value creation is based on five capital – Financial, Manufacturing, Intellectual, Human and Social. The following chart describes what is encompassed in each capital:



FINANCIAL CAPITAL

Net Worth: ₹54759.02 Lacs

Net Assets: ₹24839.20 Lacs

Market Capitalization: ₹142246.10 Lacs



MANUFACTURING CAPITAL

2 Technical Synthesis Plants

5 Formulation Plants

1 Biological Manufacturing Unit*



INTELLECTUAL CAPITAL

80+ Scientists

59+ New Processes

4 Process Patent Granted

18 Patent Pending



HUMAN CAPITAL

1099 Employees (FTE)

Attrition Rate <2%

Employee Satisfaction >85%



SOCIAL CAPITAL

CSR Spend in 2017-18: ₹148.78 Lacs

Child Education and Livelihood Programmes

Farmer Training

*under toll arrangement

STRATEGIC EVOLUTION



- ◆ CUSTOMER DRIVEN
- ◆ COLLABORATION & TIE-UPS
- ◆ FOCUS ON R&D
- ◆ EXPANDING PRESENCE & MARKETING AGGRESSION
- ◆ EVOLVING MEDIA MIX

INTEGRATED **APPROACH**



R&D

- In-house R&D Centre
- Product Invention R&D Center in JV with OAT Agrio Co., Ltd., Japan
- NABL QC Labs
- GLP Lab to start shortly



MANUFACTURING

- 5 Formulation Plants
- 2 Technical Synthesis Plants
- 1 Biological Manufacturing Plant*



MARKETING AGGRESSION

- Sales & Market Development
- Branding
- International Tie-ups & Collaborations
- Aggressive media mix



DEVELOPMENT & TRAINING

- Emphasis on Field Activities
- Extensive Farmer Contact
- Sales Force Training

*under toll arrangement

OPENING NEW FRONTIERS OF **INNOVATION**



A fundamental transformation of everything is under way. Innovation has always been a change maker, but in our times it is about reinventing things with sustainable solutions and long lasting results. For us, vitalizing the

spirit of innovation is central to anything and everything we do, internally and with the whole farming community. This challenge of re-invention is no truer for any company than our own. In testimony stands our state-of-the art R&D centres.



IN-HOUSE R&D CENTRE

- Established in 2005
- Approved by DSIR, Ministry of Science and Technology
- Four process patents has been Granted & over 18 process patents Filed
- Working on new formulations & new combination products
- Synthesis of new molecules
- Over 59 processes developed & 23 processes commercialized
- Developed & Commercialized 4 new combination products

R&D CENTRE IN JOINT VENTURE WITH OAT AGRIO CO., Ltd., JAPAN

- First of its kind international R&D Centre, in JV with a Japanese company, OAT Agrio Co. Ltd.
- Spread in 25000 Sq. feet of working area
- Two different sections of Chemical and Biological Laboratories
- Equipped with the latest machines and equipments like NMR
- Led by the internationally renowned scientists with more than 25 years of experience in the field of Agro chemical research
- Ultra Modern Green houses for effective testing
- One of its kind Breeding Centers, Bio Assay Rooms and Spray-Cabinets

BIOLOGICAL R&D CENTRE

- Equipped with bio assay and product development facilities, Viz: Isolation, detection and multiplication of biological micro organisms.
- Developed and commercialized VAM (Vascular Arbuscular Mycorrhizae)
- Developed & Commercialised Kayakalp, Soil Energizer
- Looking forward to development of 3-4 new biological products

ELEVATING IIL WITH AUTOMATION, INNOVATION AND QUALITY

IIL has always been open to learning, willing to change, eager to verify – and its efforts has resulted in higher quality products that have proved meaningful to farmers. With its 8 state-of-the-art automated manufacturing units spread across 5 locations in India, IIL brings out evolved products backed by research and empowered by technology. Furthermore, the local reach of each unit enables the company to understand the region specific needs and manufacture products accordingly.

TECHNICAL EXCELLENCE

ISO 9001:2008 System Compliance Certification

Occupational Health and Safety Assessment System (OHSAS) 18001:2007

Environmental Management System (EMS) ISO 14001:2004

NABL Accredited Q.C. Labs

GLP Certified Lab (In Process)



DEDICATED TO THE WELL- BEING OF FARMERS AND CROPS

With our 4G model of growth - consistent, competitive, profitable and responsible, we have sustained in times of uncertainty. This model has proved the best in long-term interest of all our stakeholders and stands as a beacon of our robust strategy.

Moreover, our wide range of products based on understanding of market and backed by strong research & development has helped us deliver products apt for well being of farmers and crops.

Some of our most iconic & self-created brands, which are popular across the country, are Green Label, Pulsor, Kayakalp, Xplode, Mycoraja and Hakama.



DISCOVERING MORE BIOLOGICAL SOLUTIONS FOR FARMERS

We, at IIL, believe that only the right combination of products mix can ensure better productivity. Through our day-to-

day on ground experience, we have observed that the right mix of chemical and biological products proves an ideal solution and brings better results.

IIL has consistently focused on developing processes for new environmentally friendly formulations and improving existing processes by bringing international talents and world class R&D facilities. And the results are evident.



CERTIFIED PRODUCTS





MARCHING AHEAD WITH GLOBAL PARTNERS

★ NISSAN CHEMICAL INDUSTRIES, LTD.
JAPAN

Marketing Tie-up for specialty products i.e. **PULSOR**, Fungicide, **HAKAMA**, Selective Herbicide & **KUNOICHI**, Miticide



☞ Nihon Nohyaku Co., Ltd.
JAPAN

Marketing tie-up for **SUZUKA**, **HAKKO** & **AIKIDO**



MOMENTIVE™
USA

Tie-up with MOMENTIVE Performance Material Inc., USA for **AGROSPRED* MAX** for silicone based super spreader



OAT Agrio Co., Ltd.
JAPAN

Tie-up with OAT Agrio Co., Ltd. Japan to bring a specialised product for Seed treatment, **ROOTBEAD**



AMVAC
Amvac Chemical Corporation
USA

Technical Collaboration for manufacturing and marketing of **THIMET** & **NUVAN**



OAT Agrio Co., Ltd.
JAPAN



JV for a dedicated R&D Centre in India to invent new agrochemical molecules

At Insecticides (India), we have moved swiftly in terms of new and innovative products through licensing, tie-ups and strategic joint ventures. We have collaborated with several global agrochemical companies to leverage their expertise in order to introduce world class products to the Indian farmers. This approach has played a significant role in enriching our product portfolio.



BRINGING SOLUTIONS TO THE FARMERS, **AROUND THE GLOBE**



Over the last few years, we have established our footprints in South East Asia, Middle East & Africa markets where we didn't have presence in the past. IIL has signed agreements with more than 100 customers in various regions for supply of range of

strategic products duly supported with GLP data for global registration. During FY 2018, we have done ₹35 Cr. (Approx. 5.5 million USD) of overseas business and we are looking forward to surpass the mark by the next financial year.

GOING BEYOND BUSINESS

Insecticides India Limited strives to achieve sustainable development through knowledge sharing programmes for farmers and education centric initiatives for children. Two main projects: Kisan Jagrukta Abhiyan and Project Vidhya reflect the company's concern towards it. The CSR wing of IIL Foundation is confident of catalysing sustainable living in every life it touches through various CSR programs. Furthermore, the company's various social platforms on digital media are actively working on sensitization of mass on the issues of farming.



**CHILD
EDUCATION**



**SCHOOL
ADOPTION**



**FARMER
AWARENESS
PROGRAMME**



**LIVELIHOOD
PROGRAMME**

WE ARE DIGITAL AND **ENGAGING**

3 Masters of Bollywood



TAPAS RELIA
Acclaimed Music Producer
Of famed jingles for brands like Close-Up, Domino's Pizza and Amaron Batteries

JAVED ALI
Renowned Singer
Voice of popular songs like Jashn-e-bahara, Nagada, and Ek Din Teri Raahon Me

PANCHHI JALONVI
Celebrated Lyricist
Penned epic songs in movies like Dus, Nehle Pe Dehla and Knock Out

come together to create the
KAYAKALP ANTHEM



Download IIL mobile app from
Google Play Store

10,000+ Downloads



 Official LinkedIn company profile of Insecticides (India) Limited
www.linkedin.com/company/insecticidesindia



KAYAKALP FILM

Kayakalp anthem outperformed all the campaigns run in last 1 year.

Engagement
(Reactions, comments & share) – 11.7K

Reach – 455.1K

Video views – 221,629



Official Facebook page of Insecticides (India) Limited
www.facebook.com/InsecticidesIndia

Total followers: 51,630

Total page likes: 51,521



KAYAKALP FILM

Kayakalp Anthem is the best performing video in IIL YouTube in last 1 year.

Impressions generated – 246.7 K

Impressions click-through rate – 2.9%



Search For Insecticides India Limited on youtube
Click on Insecticides India Limited Channel

Total subscriptions – 12,500



Official Twitter handle of
Insecticides (India) Limited
www.twitter.com/insecticidesLtd

SOCIAL INTERACTIONS



III NEWS



IT IS TIME WE RECOGNIZE WOMEN AS FARMERS

Women are the backbone of the agricultural sector, yet they are often overlooked. It is time we recognize their contributions and support them as farmers. This article discusses the challenges women face in agriculture and the need for policy changes to empower them.



Make farming global

The world is becoming more interconnected, and farming is no exception. Globalization offers opportunities for farmers to reach new markets and adopt advanced technologies. However, it also presents challenges such as competition from international producers. This article explores the pros and cons of making farming global.



Commercialization

Commercialization in agriculture involves the application of market-oriented principles to farming. This includes the use of modern inputs, mechanization, and access to credit. While it can increase productivity and income, it also risks marginalizing small-scale farmers. This article examines the impact of commercialization on the farming sector.

Commercialization in agriculture is a double-edged sword. On the one hand, it can lead to higher yields and better access to markets. On the other hand, it can also lead to the loss of traditional farming practices and the displacement of small farmers. It is crucial to find a balance between modernization and sustainability.



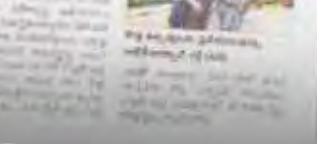
వినాయకానికి వందేళ్లుగా వందేళ్లుగా

The festival of Vinayaka (Ganesh Chaturthi) is celebrated with great enthusiasm across India. This article looks back at the history and traditions of this festival, which has been celebrated for centuries. It highlights the cultural and religious significance of the festival and how it has evolved over time.

ఆంధ్ర ప్రదేశ్ లోని వివిధ ప్రాంతాలలో జరిగిన కార్యక్రమాల గురించి తెలుసుకోండి. ప్రభుత్వం చేపట్టిన పథకాలపై విస్తృతంగా చర్చ చేయబడింది. ప్రజల అభిప్రాయాలను తెలుసుకోవడానికి ప్రయత్నం చేయబడింది.

INVESTOR'S (INDIA) LAUNCHES PROPOSAL
The investor has launched a proposal for the development of the agricultural sector. This includes the introduction of new technologies and the improvement of infrastructure. The goal is to increase productivity and reduce the risk of crop failure.

మూలికాల్ అభివృద్ధిలో ఇన్వెస్ట్మెంట్స్
మూలికాల్ అభివృద్ధిలో పెట్టుబడి పెట్టడానికి ప్రభుత్వం ప్రోత్సాహం చేసింది. ప్రజలకు అవకాశం కల్పించడానికి ప్రయత్నం చేయబడింది. ప్రజల అభిప్రాయాలను తెలుసుకోవడానికి ప్రయత్నం చేయబడింది.



విదేశీ వాణిజ్యం కోసం ప్రభుత్వం ప్రయత్నం చేసింది. ప్రజలకు అవకాశం కల్పించడానికి ప్రయత్నం చేయబడింది. ప్రజల అభిప్రాయాలను తెలుసుకోవడానికి ప్రయత్నం చేయబడింది.

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INNOVATION - A TIMELESS BEACON **TOWARDS FUTURE**

Now is the time for IIL, and the entire industry to move into the next phase of our collective evolution. The farming community needs to be ready with new generation products to face the challenges of farming. And so do we!



UPCOMING PRODUCTS

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

Insecticides (India) Limited is India's leading and one of the fast growing Agro chemicals manufacturing company. IIL has emerged as a front-line performer in India's crop care market and is all set to grow impressively. IIL owns the prestigious Tractor Brand which is highly popular among the farmers. This umbrella brand of its agro products signifies the company's deep connection with the farming community. The largest selling brands of IIL include Lethal, Victor, Thimet, Nuvan, Monocil, Pulsor, Hakama, Mycoraja, Xplode etc. IIL's latest products Green Label and Kaya Kalp are expected to add another dimension of growth to the company.

Our vision to build a globally-respected organization delivering the best-of-breed crop care solutions to the farmers. We are guided by our value system which motivates our attitude and actions. Our core value are increase the income and wealth of the farmers and to provide the solution through technology.

Our strategic objective is to build a sustainable organization that remains relevant to the agenda of our consumers, while creating growth opportunity for our employees and generating profitable returns for our investors.

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) under historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') ('to the extent notified') and the guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and relevant amendment rules issued thereafter.

Effective April 01, 2017 the company has adopted all the Ind AS Standards, and adoption was carried out in accordance with Ind AS 101, *first time adoption of Indian Accounting Standards*, with April 01, 2016 as transition date. Accordingly Financial Statement for the year ended March 31, 2017 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. Previous periods figures have been restated as per Ind AS to make them comparable.

2. Indian Economy – Review of economic scenario

The past year has been marked by some major reforms. The transformational Goods and Services Tax (GST) was launched in July 2017. With a policy change of such scale, scope, and complexity, the transition unsurprisingly encountered challenges of policy, law, and information technology systems, which especially affected the informal sector. Expedient responses followed to rationalize and reduce rates, and simplify compliance burdens.

At the same time, decisive action was taken to grasp the nettle of the Twin Balance Sheet (TBS) challenge, arguably the festering, binding constraint on Indian growth prospects. On the 4 R's of the TBS—recognition, resolution, recapitalization, and reforms—recognition was advanced further, while major measures were taken to address two other R's. The new Indian Bankruptcy Code (IBC) has provided a resolution framework that will help corporate clean up their balance sheets and reduce their debts. And in another critical move, the government announced a large recapitalization package (about 1.2 percent of GDP) to strengthen the balance sheets of the public sector banks (PSBs). As these twin reforms take

hold, firms should finally be able to resume spending and banks to lend especially to the critical, but-currently-stressed sectors of infrastructure and manufacturing.

In the second half of the year, the economy witnessed robust signs of revival. Economic growth improved as the shocks began to fade, corrective actions were taken, and the synchronous global economic recovery boosted exports. Reflecting the cumulative actions to improve the business climate, India jumped 30 spots on the World Bank's *Ease of Doing Business* rankings, while similar actions to liberalize the foreign direct investment (FDI) regime helped increase flows by 20 percent.

Cashless transactions systems have been encouraged across the board. The move towards digital payment has benefitted e-commerce companies though dependence on cash-on-delivery got impacted. In the urban markets, the drop in sales in traditional retail outlets due to lack of cash availability have been partially compensated by the modern trade channel. Greater formalization of the economy has triggered financial inclusion and the banking system has benefitted partially from higher levels of deposits as well as the opening of new accounts. The National Payments Corporation of India (NPCI) successfully finalized the Unified Payments Interface (UPI) platform enabling mobile phones in digitalization of payments. Over the past year much progress has been made in spreading JAM (Jan Dhan, Aadhar and Mobile) across the country which refers to large-scale, technology-enabled, real-time cash transfer. This has the potential of financial inclusion improving the economic lives of the poor.

The current emphasis on 'Make in India', investments in accelerating development of transport infrastructure, pro-reform approach and efforts at fiscal rationalization are all positive indicators and your Company is optimistic that the economy will pick up.

3. Indian Agricultural Industry

Agriculture matters in India for deep reasons, not least because the farmer holds a special place in Indian hearts and minds. The first salvo of satyagraha was fired by Mahatma Gandhi on behalf of farmers, the indigo farmers exploited by colonial rule. Indian farmers acquired mythic status in Indian society; innocent, unsullied, hard-working, in harmony with nature; and yet poor, vulnerable, and the victim, first of the imperial masters and then of indigenous landlords and middlemen. Bollywood has also played key role in creating and reinforcing the mythology of the Indian farmers via movies like "Mother India", Lagaan and Peepli Live etc.

Agriculture is the principal source of livelihood of millions of people of this country. Even many of the big industrial houses find their inputs from agriculture alone and this is the main reason that industrial growth is directly and indirectly cohesively linked with Agriculture. This all could be possible only with the combined efforts of Central Government, State Government and with the sincere efforts of entire farming community which gives the result of record production year after year. This improvement of record production has been achieved through effective transfer of latest crop production technology to farmers under various crop development schemes being implemented by the Government of India and Industry.

The growth rate in Gross Value Added (GVA) by the agriculture and allied sectors is estimated to be 4.9 per cent for 2016-17, as per provisional estimates. The production of Kharif food-grains during 2017-18 is estimated at 134.7 million tonnes

compared to 138.5 million tonnes in 2016-17. The area sown under rabi crops during 2017-18 has reached 61.78 million hectares as of January 19, 2018. Around 840,000 hectares of land was brought under micro-irrigation during 2016-17. Coverage of non-loanee farmers under the Pradhan Mantri Fasal Bima Yojana (PMFBY) increased 123.5 per cent in 2016-17 and the scheme is being implemented in 25 states/UTs in 2017. The scheme covers farmers from pre-sowing to post harvest against natural non-preventable risks. (Source : *Economic Survey 2017-2018*)

4. Indian Agrochemical Industry

Pro-growth environment pays off for Indian chemical companies

India is steadily moving up the ranks as a global economic power and a business magnet for investment. Key drivers for success in the chemical sector include proximity to strong growth markets, greater ease in doing business, and the continued development of petroleum, chemicals and petrochemical investment regions (PCPIRs). Backed by one of the strongest GDP growth rates in the world, the future looks bright for the Indian chemical industry.

An economic tiger

If China is the dragon economy of Asia, India is definitely a tiger. With a GDP growth rate of approximately 7 percent, India is currently outpacing China as the world's fastest rising major economy. The country is the sixth largest economy by nominal GDP and the third largest by purchasing power parity (PPP). India is also on track to becoming the world's third largest economy by the next decade and the second largest by 2050.

One of the strongest drivers of the nation's economy is a population that is rapidly becoming larger, younger, more middle class and more urban.

These demographic trends will support increased demand for appliances, housing, healthcare items, new automobiles, clothing, and a diet that includes more protein and less grains. In addition, long-term economic growth for India is forecast because of proximity of expanding markets in Asia, healthy savings and investment rates, and increased integration into the global economy.

Steady market strength for chemicals

Indian chemical companies support a sizable and highly diversified industry that includes commodities, specialties, polymers, agrochemicals and a range of other groups. Total chemical sales are expected to grow from US\$139 billion in 2014 to US\$214 billion by 2019. By 2025, the Indian chemical industry is projected to reach US\$403 billion.

Doing business in India is getting much easier

Since 2014, the government administration headed by Prime Minister Narendra Modi has supported a number of reforms designed to encourage business growth by eliminating unnecessary laws and regulations, simplifying bureaucratic processes, and making the government more transparent, responsive and accountable.

These reforms and other initiatives have supported a dramatic, even historic, rise in India's ranking on the World Bank's Ease of Doing Business (EoDB) Index — a jump of 30 places into the top 100 countries. In fact, India is the first large country ever to record such an increase in ratings over a single year.

5. Opportunities and Challenges

Opportunities:

The Company is working diligently to capitalize opportunities such as:

Contract Manufacturing and Export Opportunities: The export of pesticides from India has seen a strong growth over the last few years. Globally, India is the thirteenth largest exporter of pesticides. Most of the exports are off-patent products. The major exports from India happen to Brazil, USA, France and Netherlands. The key growth drivers are India's capability in low cost manufacturing, availability of technically trained manpower, seasonal domestic demand, overcapacity, better price realization globally and strong presence in generic pesticide manufacturing (India has process technologies for more than 60 generic molecules). Due to the reasons mentioned above, India offers good scope for contract manufacturing as well.

Post tsunami, Japanese companies are trying to build manufacturing capacities outside Japan to de-risk themselves. The Japanese companies are very particular about confidentiality and intellectual property protection and some of them have seen opportunity in India and are now creating a base here. The recent deal between Sumitomo and Excel Crop Care is a recent example. More such deals are possible in the coming years as it will give Indian companies the access to technology which they need and the global MNC's a fast track entry into the country.

Agrochemicals worth USD 4.1 billion are expected to go off-patent by 2020. This provides significant export opportunities for Indian companies which have expertise in generic segment. Top 6 importing nations constitute only 44% of India's agrochemical exports. This also indicates export potential for Indian companies. In order to build a strong export base, companies could set up marketing offices in association with domestic players in export geographies. Companies could also look for strategic alliances with local companies to expand their marketing and distribution reach. Merger and acquisition opportunities could also be explored to increase their global presence.

Growth in herbicides and fungicides: Labor shortage, rising labor costs and growth in GM crops has led to growth in the use of herbicides. The herbicide consumption in India stands at 0.4 USD billion in FY17 and is expected to grow at a CAGR of 15% over the next five years to reach ~0.8USD billion by FY20. On the other hand the fungicide industry in India has grown due to the growth in Indian horticulture industry, which has grown at a CAGR of 7.5% over the last five years.

Low consumption of pesticides in India: The per hectare consumption of pesticides in India is amongst the lowest in the world and currently stands at 0.6 kg/ha against 5-7 kg/ha in the UK and at almost 20 times ~ 13 kg/ha in China. In order to increase yield and ensure food security for its enormous population agrochemicals penetration in India is bound to go up.

The other major growth drivers for agrochemicals are-

- Formation of Farmer Producer Organizations (FPOs) to counter the difficulties faced due to land fragmentation
- Availability and dissemination of appropriate technologies that depend on quality of research and extent of skill development
- Plan expenditure on agriculture and in infrastructure which together with policy must aim to improve functioning of markets and more efficient use of natural resources
- Governance in terms of institutions that make possible better delivery of services like credit, animal health and of quality inputs like seeds, fertilizers, pesticides and farm machinery.

Challenges of Indian Agrochemical Industry:

Stringent regulations: Stringent environmental regulations across the world are increasing the cost of developing new products and simultaneously delaying the introduction of new products in the market. For instance, in the European Union any agrochemical product if found to be mutagenic, carcinogenic or classified as an endocrine disruptor would not achieve registration or re-registration irrespective of the level of exposure generated.

Low focus on R&D by domestic manufacturers: R&D for novel molecule discovery requires huge capital and manpower investments. Indian Companies spend only 1-2% of their revenues in Research and Development as against the global MNCs which invest about 8-10% of their revenues. This makes Indian manufacturers uncompetitive globally in specialty molecules.

Lack of education and awareness among farmers: It is important to educate the farmers about the appropriate kind of pesticide, its dosage and quantity and application frequency. However it is not easy to reach the farmers owing to differences in regional languages and dialects and a general inertia towards adoption of newer products on account of possible risks of crop failure.

Need for efficient distribution systems: The large number of end users and the predominantly generic nature of the market make it essential to have a strong and efficient distribution network for the crop protection market. However, the industry has been plagued by problems arising out of supply chain inefficiencies and inadequate infrastructure which result in post harvest losses estimated at INR 45,000 crore every year. Lack of efficient distribution system also makes it difficult for agrochemical companies to reach out to the farmers and promote their products and educate them about their benefits.

Non-genuine products: There is a significant share of non-genuine pesticides which include counterfeit, spurious, adulterated or sub-standard products. According to industry estimates the non-genuine pesticides could account for more than 40% of the pesticides sold in India in FY16. These products are inferior formulations which are unable to kill the pests or kill them efficiently. They also result in by-products which may significantly harm the soil and environment. Apart from crop loss and damage to soil fertility, use of non-genuine products leads to loss of revenue to farmers, agrochemical companies and government. Some of the key reasons for use of non-genuine products are lack of awareness amongst the farmers, difficulty in differentiating between genuine and non-genuine products, supply chain inefficiencies, law enforcement challenges and influencing power of distributors/retailers.

Company Overview

Insecticides (India) Limited (IIL) is today amongst the leading agrochemicals companies in India. With a strong product portfolio and a PAN India presence, we are among the few companies in the country to have a complete integrated portfolio. Insecticides (India) Limited is today a fully integrated company with R&D capabilities, Technical synthesis, large formulation facilities, edge to edge product portfolio, leading brands in the kitty, global tie ups and strong distribution network, which helps the company to reach the farmers in all the parts of the country. Our product basket consists of formulations, technicals and household products. With an increasing market share, our brands are fast emerging as most trusted crop protection tools in the Indian agriculture sector. We have entered into strategic partnerships and joint ventures with global agrochemicals players for licensing,

marketing and distributor agreements. Over the years, we have also established a strong distribution network, spread across the country with more than 5000 distributors and 60000 retailers.

Business highlights

While the macro economic factors remained subdued and volatile, we performed quite well during the year under review. Focus was on working towards the value addition in terms of the leading Navratna range contributing maximum to the top line as well as the bottom line. Numerous launches in FY2018 helped to increase the market share. R&D also worked significantly and gave some edge making products, that are slated to be launched in following years, as the registration was also expected soon.

6. Financial Highlights

Profit and Loss

(₹ in lacs)

| Particulars | FY 2018 | FY 2017* | y-o-y Growth(%) |
|-------------------------|----------------|----------------|-----------------|
| Revenue from Operations | 110639.42 | 107626.90 | 2.80 |
| Profit Before Tax (PBT) | 11809.72 | 8196.63 | 44.08 |
| Profit After Tax (PAT) | 8397.36 | 5939.90 | 41.37 |
| Basic EPS (Rs.) | 40.63 | 28.74 | 41.37 |

*Previous periods figures have been restated as per Ind AS to make them comparable.

(The Company has adopted Ind AS w.e.f. April 01, 2017 with a transition date of April 01, 2016. Accordingly results for the year ended March 31, 2017 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. Previous periods figures have been restated as per Ind AS to make them comparable.)

Revenue from operations for the year increased by 2.80% y-o-y to Rs. 110639.42 lacs. Insecticides (India) Limited has achieved steady growth via continued innovation, introduction of new products and better product mix across segment.

FY 2018 PBT increased by 44.08 %. wherein Interest expense decreased by 21.32 % y-o-y to Rs. 1591.76 lacs due to replacement of high cost debt with low cost debt along with renegotiation of interest rates. PAT increased by 41.37% y-o-y to Rs. 8397.36 lacs.

Financial Condition

Insecticides India monitors its financial position regularly and deploys a robust cash management system. The Company has adequate liquidity at an optimum cost to meet its business and liquidity requirements. CRISIL has rated A/Stable for long term debt and A1 for short term debt.

7. Operational Highlights

Operating Expenses

(₹ in lacs)

| Particulars | FY 2018 | FY 2017 | y-o-y Growth(%) |
|--------------------|----------|-----------|-----------------|
| Total Expenses | 99153.81 | 100113.01 | (00.95) |
| Operating Expenses | 97562.05 | 98089.72 | (00.53) |
| Financial Expenses | 1591.76 | 2023.29 | (21.32) |

During the year total expenditure of the Company has been decreased by 00.95% y-o-y to Rs. 99153.81 lacs. Total

operating expenses also decreased by 00.53% y-o-y to Rs. 97562.05 lacs.

8. Human Resources

Insecticides India firmly believes that its employees are the key assets of the Company. The goal of the Human Resources Department is to enable the organization to achieve its strategic objectives, while ensuring employees are engaged and motivated. At Insecticides India, HR's success is measured by its ability to align and integrate processes profitably. The employees are evaluated and reviewed on Key Result Areas (KRAs) to assess the skills and plan for their future growth under MDP.

Training needs are identified to meet individual requirements through in-house training, on-the-job training and outdoor training as a continuous process. Trainings are classified on the basis of requirements like individual development on soft skills, professional & technical skills and management development program. Current efforts also include building skills, attracting and retaining talent and nurturing and developing leadership potential.

During the year under review, there was a cordial relationship with all the employees. There was no loss of production on account of any industrial unrest. The directors would like to acknowledge and appreciate the contribution of all employees towards the performance of the Company. As on March 31, 2018, the Company directly employed more than 1,099 people.

Research and Development

Insecticides (India) Ltd. has been directing its focus on Research and Development for development of more technicals. Being one of the few companies engaged into formulations and technicals, it is investing into R&D to rigorous extent at present. With the new R&D unit, established in JV with Japanese Company already operational, the Company is optimistic to produce new products which would help the Company achieve new heights if success and partner the growth of the agriculture sector. The Company's QC labs are NABL accredited, which has dedicated professional scientist who carry out a wide range of chemical reactions with an analytical support of GC, HPLC, GC Mass, AAS, UV and Infrared Spectrophotometer etc.

9. Risk management

Risks and its effect are possible events or possibilities that have could have an impact on the Company's performance or results. Insecticides India analyses business risks followed by a detailed mitigating approach.

The Company may not be able to capitalize on growing business opportunities

Mitigation: The Company enjoys enduring relationships with farmers across the country's major crop growing areas. With problems like less rainfall and labour issues, agriculture productivity is a major issue. The Company is present with a comprehensive product range supported by multiple manufacturing facilities. The Company's manufacturing facilities are proximate to agriculture growing regions of the country, providing quick access from factory to farm.

Volatile raw material costs could affect the bottom-line

Mitigation: The Company enters into short and long term contracts to reduce the impact of price volatility. Its proximity to raw material (being close to ports) and multi-vendor support has helped reduce costs.

Quality aberrations could affect revenues

Mitigation: The Company is consistently committed to

continuous quality checks. Its plants are certified across safety and environment certifications. It received quality approvals from international bodies.

Obsolete technology could affect product quality

Mitigation: The Company invested in specialized imported equipment for its core products. In addition, the Company has invested in more than Rs.200 crore in the last five years for capacity expansion, with state-of-the-art technologies across its multiple manufacturing facilities. It is one of the few in the world to have a dedicated R&D unit for new product development. The R&D unit is equipped with modern machineries support the team for developing future products.

10. Internal Control System

The Company follows an adequate and systematic internal control system, which ensures a smooth operation throughout. The assets are well protected with all security arrangements. All transactions pass through specified hierarchy and a strict discipline is maintained in the recording of the same. The internal audit committee has been formulated, which takes care of audit and compliances being met. Apart from the in-house team, M/s Mohit Parekh & Co. Chartered Accountants are engaged by the Company to ensure compliance of all statutory regulations. The Enterprise Risk Management framework and Managing Director and CFO (Chief Financial Officer) certification as required under SEBI Listing Agreement with Stock Exchanges for controls testing pertaining to financial reporting, resulted in continuing improvement in internal control.

11. Environment, Safety and Health Parameters

The Company has been following a stringent policy for implementing an Environmental management System (EMS) for meeting the purpose of organization's policy and objectives regarding environment. It aims at use of processes, practices, techniques, materials, products, services or energy to avoid, reduce or control the creation, emission or discharge of any type of pollutant or waste, in order to reduce adverse environmental impacts. Occupational Health & Safety describes the Occupational Health & Safety Management System adopted by the Company, the elements of the OHSAS 18001:2007 standard and measures stipulated for ensuring the conformance to the Occupational Health & Safety Management System, legal & statutory requirements, continual improvement and satisfaction of interested parties (i.e. customers, suppliers, employees and public)

12. Corporate Social Responsibility

Insecticides (India) Limited strongly believes in inclusive economic growth. The Company's CSR initiatives are based on this principle of sustainable development of the society as whole. Most of the CSR activities of the Company are carried out under the aegis of IIL Foundation. In order to achieve overall sustainability, the Company conducts several responsible activities. During the year under review, the Company continued its social welfare program called Kisaan Jagruta Abhiyan & Project Vidhya.

The activity involved in Project Vidhya include distribution of books and study material to children and empowering them towards leading a better life. Another campaign was launched by the name of Kisaan Jagruta Abhiyan, where farmers of the several districts in most of the states were uneducated and unable to use the new technology, unable to safe use the agro chemicals. Meetings were held with lacs of farmers in the guidance of the experts and the scientists from the various agriculture universities to educate them. Mobile application (App) is also available for the farmers to understand the usage of the agrochemicals.

BOARD'S REPORT

Dear Members,

The Board of Directors hereby submit the report of the business and operations of your Company ('the Company' or 'IIL'), along with the audited financial statements, for the financial year ended March 31, 2018.

1. Financial Results and State of Company's Affairs

(₹ in Lacs, except per equity share data)

| Particulars | Standalone | |
|-------------------------------|----------------|-----------------|
| | March 31, 2018 | March 31, 2017* |
| Revenue from Operations | 110639.42 | 107626.90 |
| Other Income | 324.11 | 682.74 |
| Total Income | 110963.53 | 108309.64 |
| Total Expenses | 99153.81 | 100113.01 |
| Profit Before Tax (PBT) | 11809.72 | 8196.63 |
| Less : Tax Expenses | 3412.36 | 2256.73 |
| Profit After Tax (PAT) | 8397.36 | 5939.90 |
| Other Comprehensive income | 403.47 | (11.04) |
| Total Comprehensive income | 8800.83 | 5928.86 |
| Key ratios | | |
| Earnings per share (Rs.) | 40.63 | 28.74 |
| Dividend per share (Rs.) | 2.00 | 2.00 |

*Figures are restated as per Ind AS

The Company has adopted Ind AS w.e.f. April 01, 2017 with a transition date of April 01, 2016. Accordingly results for the year ended March 31, 2017 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. Previous periods figures have been restated as per Ind AS to make them comparable.

During the year under review, the Revenue of the Company rose to Rs 110639.42/- Lacs as against Rs. 107626.90/- Lacs in March 2017, registering a growth of 2.8%. These growth rates are adversely impacted due to lower reported sales by the change in structure of indirect taxes and reduction in realizations to pass on the GST benefits.

The Company has earned Net Profit Rs. 8397.36/- Lacs, as against the net profit of Rs. 5939.90/- Lacs in March 2017, registering a growth of 41.37%. The improvement in performance of your Company could mainly due to better product mix, capacity utilization, ongoing emphasis on productivity and efficiency, improvement in all areas of operation.

2. Dividend and Reserves

Based on the Company's performance, the directors are pleased to recommend for approval of the members a final dividend of Rs. 2.00/- per share (20%) for FY 2017-18 (Previous year Rs. 2.00/- per share). The final dividend on equity shares, if approved by the members would involve a cash outflow of Rs. 498.32 Lacs (including Corporate Dividend Tax amounting to Rs. 84.97 Lacs)

The Register of member and share transfer Books will remain closed from July 31, 2018 to August 08, 2018 (both day inclusive) for the purpose of payment of final dividend for the Financial Year ended March 31, 2018.

3. Share Capital

The paid up Equity Share Capital of the Company as on March 31, 2018 was Rs. 2066.78 Lacs. There was no change in the Company's Share Capital during the year under review.

4. Credit Rating

The Company enjoys a good reputation for its sound financial management and ability to meet in financial commitments.

CRISIL, a S&P Global Company, a reputed Rating Agency, has re-affirmed the credit rating of CRISIL A/Stable for the long-term and CRISIL A1 for the Short-term Bank facilities.

5. Particulars of Loans given, Investment made, Guarantees given And Securities provided

During the year under review, the Company has not made any loan, given any guarantee or provided security in connection with the loan to any other body corporate or person. However, the Company has invested in equity shares of OAT & IIL India Laboratories Private Limited, the said company is the Joint Venture of your company w.e.f March 06, 2013 and also invested in the shares of OAT Agrico Co. Ltd., Japan, a Joint Venture partner Company.

6. Deposits

Your Company has not accepted any deposits under Section 73 and 74 of the Companies Act, 2013 ("the Act") and no amount of principle or interest was outstanding as of Balance Sheet date.

7. Subsidiary Company, Associate Company And Joint Venture Company

There is no subsidiary Company of the Company during the year under review.

The Company has "OAT & IIL India Laboratories Private Limited" as its joint venture company within the meaning of Section 2(6) of the Act, as on March 31, 2018.

A highlights of performance of associates and joint venture along with there contribution to all overall performance of the Company during the period are provided in **Annexure - 1** and hence not repeated here for the sake of brevity.

The Policy for determining material subsidiaries as approved may be accessed on the Company's **website at the link:** <http://www.insecticidesindia.com/Policy/RELATED%20PARTY%20TRANSACTION%20FINAL.pdf>

8. Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the Financial Year 2017-18 are prepared in compliance with the applicable provisions of the Act, Accounting Standards and Regulations as prescribed by Securities and Exchange Board of India SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI "Listing Regulations").

The Consolidated Financial Statements have been prepared on the basis of the audited financial statements of the Company and its Joint Venture Company, as approved by their respective Board of Directors.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements of the Company, the Consolidated Financial Statements along with all relevant documents and the Auditor's Report thereon form part of this Annual Report. The Financial Statements as stated above are also available on the website www.insecticidesindia.com of the Company.

9. Transfer to Reserves

The Company proposes to retain the entire amount of Rs. 8397.36/- Lacs in the profit and loss account.

10. Management's discussion and analysis

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 read with Schedule V of the SEBI "Listing Regulations", is presented in a separate section forming part of the Annual Report.

11. Corporate Social Responsibility

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: <http://www.insecticidesindia.com/Policy/CSR%20Policy%20FINAL.pdf>

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Company has identified following focus areas for CSR engagement:

- **Rural Transformation:** Creating sustainable livelihood solutions, addressing poverty, hunger and malnutrition.
- **Environment:** Environmental sustainability, ecological balance, conservation of natural resources and promoting bio-diversity.
- **Health:** Affordable solutions for healthcare through improved access, awareness and health seeking behavior.
- **Education and Sports:** Access to quality education, training and skill enhancement, building sports & skills in young students.
- **Disaster Response:** Managing and responding to disaster.
- **Art, Heritage and Culture:** Protection and promotion of India's art, culture and heritage.

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act. The annual report on CSR activities is annexed herewith marked as **Annexure - 2**.

12. Risk Management

The Company has formulated the Risk Management Policy through which the Company has identified various risks like, strategy risk, industry and competition risk, operation risk, liability risks, resource risk, technological risk, financial risk. The Company faces constant pressure from the evolving marketplace that impacts important issues in risk management and threatens profit margins. The Company emphasizes on those risks that threaten the achievement of business objectives of the Group over the short to medium term. Your Company has adopted the mechanism for periodic assessment to identify, analyze, and mitigation of the risk.

The appropriate risk identification method will depend on the application area (i.e. nature of activities and the hazard groups), the nature of the project, the project phase, resources available, regulatory requirements and client requirements as to objectives, desired outcome and the required level of detail.

The trend line assessment of risks, analysis of exposure and potential impact shall be carried out. Mitigation plans shall be finalized, owners identified, and progress of mitigation actions shall be regularly and periodically monitored and reviewed.

Treatment options which are not necessarily mutually exclusive or appropriate in all circumstances shall be driven by outcomes that include:

- Avoiding the risk,
- Reducing (mitigating) the risk,
- Transferring (sharing) the risk, and
- Retaining (accepting) the risk.

The Risk management Policy of the Company is annexed herewith as **Annexure - 3** to this Report.

13. Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting unethical behaviour, fraud, violations, or bribery. The Company has Vigil Mechanism (Whistle Blower) Policy under which the employees are free to report violations of applicable Laws and Regulations and the Code of Conduct, the same can be accessed through the Chairman of the Audit Committee. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review no such complain has been received and no employee was denied access to the Audit Committee for reporting violations.

14. Disclosure of Remuneration & Particulars Of Employees And Related Disclosures

The information as required in accordance with Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details regarding the remuneration and other requisite details are mentioned in the **Annexure – 4(a)** attached hereto.

No Employee draw the remuneration in excess of limit prescribed under Section 197 of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Managerial Personnel) Rules 2014.

No director of the Company who is receiving commission from the Company is in receipt of any remuneration or commission from any holding company or subsidiary company of the Company.

The Remuneration Policy of the company is annexed herewith as **Annexure – 4(b)** to this Report.

15. Directors

In accordance with the provisions of Section 152 of the Act, Shri Hari Chand Aggarwal (DIN: 00577015), Directors of the Company, retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer himself, for re-appointment. The Board of Directors on the recommendation of the Nomination and Remuneration Committee has recommended his re-appointment.

Shri Deepak Gupta has ceased to be a Director of the Company w.e.f. January 15, 2018. The Board places on record its appreciation towards valuable contribution made by Shri Deepak Gupta during his tenure as a Director of the Company.

The Board of Directors on recommendation of the Nomination and Remuneration Committee has re-appointed Shri Hari Chand Aggarwal as Chairman and Whole-time Director of the Company, who will attain the age of 70 (Seventy) Years as on November 05, 2018, for a period of 5 (five) years, w.e.f. October 01, 2017, subject to approval of shareholders.

The Board of Directors on recommendation of the Nomination and Remuneration Committee has re-appointed Smt Nikunj Aggarwal as Whole-time Director of the Company, for a period of 5 (five) years, w.e.f. May 02, 2018, subject to approval of shareholders

The Board of Directors on recommendation of the Nomination and Remuneration Committee has revised the remuneration of Shri Rajesh Aggarwal, Managing Director with effect from April 01, 2018. He shall be entitled to receive remuneration based on net profits in form of Commission upto 5% (Five percent) of the net profit, which will be determined by the Board and Committee of the Board for each financial year, subject to the approval of shareholders.

The information of Directors seeking appointment/reappointment as required pursuant to Regulation 36(3) of SEBI Listing Regulations and Companies Act, 2013 is provided in the notice of the 21st Annual General Meeting of the Company.

All the Independent directors have given declaration that they meet the criteria of Independence laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

16. Meeting of the Board

During the financial year 2017-18, the Board of Directors met 5 (Five) times, the details of which are given in the Corporate Governance Report that forms the part of Annual Report. The notice along with Agenda of each Board Meeting was given in writing to each Director. The intervening gap between any two meetings was within the period prescribed by the Act and SEBI Listing Regulations.

17. Performance Evaluation Report

In terms of Companies Act, 2013 and SEBI Listing Regulations, there is requirement of formal evaluation by the Board of its own performance and that of its committees and individual directors.

The evaluation of Board of its own performance and that of its committees and individual directors was conducted based on criteria and framework adopted by the Board. The evaluation criteria have been explained in the Nomination and Remuneration Policy adopted by the Board.

18. Familiarisation Programme for Independent Directors

Pursuant to the provisions of Regulation 25 of the SEBI Listing Regulations, the Company has formulated a programme for familiarising the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various initiatives. The details of the aforementioned programme is available on the Company's website at <http://www.insecticidesindia.com/>

19. Board Committees

In compliance with the requirements of the Act and SEBI Listing Regulations, your Board had constituted various Board Committees including Audit Committee, Nomination

& Remuneration Committee, Stakeholders Relationship Committee, Finance Committee and Corporate Social Responsibility Committee.

Details of the constitution of these Committees, which are in accordance with regulatory requirements, have been uploaded on the website of the Company viz. www.insecticidesindia.com. Details of scope, constitution, terms of reference, number of meetings held during the year under review along with attendance of Committee Members therein form part of the Corporate Governance Report annexed to this report. A detailed report on Corporate Social Responsibility activities initiated by the Company during the year under review, in compliance with the requirements of Companies Act, 2013, is annexed to this report.

20. Key Managerial Personnel

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) of the Act, read with the Rules framed there under.

1. Shri Hari Chand Aggarwal – Chairman & WTD
2. Shri Rajesh Aggarwal - Managing Director
3. Smt. Nikunj Aggarwal – Whole-time Director
4. Shri Sandeep Kumar – Company Secretary (w.e.f. 18/04/2017)
5. Shri Sandeep Aggarwal - Chief Financial Officer

Shri Sandeep Kumar, Appointed as Company Secretary of the Company w.e.f. April 18, 2017. Shri Sandeep Kumar was previously working with Listed Company based on Madhya Pradesh.

During the year 2017-18, information as mentioned in Part A of Schedule II of SEBI Listing Regulations, has been placed before the board for its consideration.

21. Directors Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a going concern basis.
- e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. Contracts Or Arrangements With Related Parties

Your Company has formulated a policy on related party transactions which is also available on Company's website at the link <http://www.insecticidesindia.com/Policy/RELATED%20PARTY%20TRANSACTION%20FINAL.pdf>. This policy deals with the review and approval of related party transactions. The Board of Directors of the Company has approved the criteria for making the omnibus approval by the Audit Committee within the overall framework of the policy on related party transactions. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length. All related party transactions are placed before the Audit Committee for review and approval.

All related party transactions entered during the Financial Year were in ordinary course of the business and on arm's length basis. No material related party transactions were entered during the Financial Year by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable to your Company.

Members may refer to Note No. 37 of the financial statement which sets out related party disclosures pursuant to IndAS-24.

23. Details in respect of adequacy of Internal Financial Controls

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of business, including adherence to the 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 timely preparation of reliable financial disclosures.

24. Details of Significant & Material Orders

No significant and material order has been passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and Company's operations in future, details of which needs to be disclosed in the board's report as Section 134 (3)(q) read with rule 8 of Companies (Accounts) Rules, 2014.

25. Material Changes and Commitments

There have been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

26. Auditors

Statutory Auditors

M/s S S Kothari Mehta & Co., Chartered Accountants (ICAI Regd. No.: 000756N) and M/s Devesh Parekh & Co., Chartered Accountants (ICAI Regd. No.: 013338N) were appointed as Auditors of the Company at the Annual General Meeting held on August 08, 2017, for term of 5 (Five) consecutive Years. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

Secretarial Auditor

The Board of Directors had appointed Akash Gupta & Associates, Company Secretaries, (PCS Regis. No. 11038), to conduct Secretarial Audit for FY 2017-2018. During the year under review the company complies with all applicable secretarial standards. The Secretarial Report given by the Secretarial Auditors is annexed and forms integral part of this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

In terms of Section 204 of the Companies Act, 2013, the Audit Committee recommended and the Board of Directors appointed M/s Akash Gupta & Associates, Company Secretaries (PCS Registration No.11038) as the Secretarial Auditors of the Company in relation to the financial year 2018-19. The Company has received their consent for appointment.

Cost Auditor

In terms of the requirement of Section 148 of the Act read with Companies (Cost Records and Audits) Rules, 2014, the Audit Committee recommended and the Board of Directors appointed M/s Aggarwal Ashwani K & Associates, Cost Accountants, as Cost Auditors of the Company, to carry out the cost audit for the financial year 2018-19. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and in terms of the Companies Act, 2013 and Rules thereunder the requisite resolution for ratification of remuneration of Cost Auditors by the members has been set out in the Notice of the 21st Annual General Meeting of your Company.

The Cost Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

During the FY 2016-2017, the Cost Auditor has not reported any matter under Section 143(12) of the Act, therefore no details is required to be disclosed under Section 134(3)(ca) of the Act.

27. Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India (SEBI). The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

28. Business Responsibility Report

In compliance with Regulation 34 of SEBI Listing Regulations, the Business Responsibility Report detailing the various initiatives taken by the Company on environmental, social and governance front is forming a part of this Annual Report. The Board of Directors has adopted a Business Responsibility Policy. The said Policy is available on Company's website at <http://www.insecticidesindia.com/>

29. Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

In terms of requirement of clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013 read with the Companies (Account)s Rules, 2014, the particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure - 5** to this report.

30. Extract of Annual Return

In accordance with Section 134 (3) (a) of the Act, an extract of Annual Return of the Company is annexed herewith as **Annexure - 6** to this Report.

31. Disclosure under the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy ('Policy') in line with the requirements of The Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. Your Directors state that during the year under review, no cases of sexual harassment have been reported.

32. Pollution Control

The Company has taken various initiatives to keep the environment free from pollution. It has already installed various devices in the factories to control the pollution.

33. Unclaimed Dividend

As per the Companies Act, 2013, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. During the year under review, in terms of provisions of Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2014,

unclaimed dividend for financial year 2009-10, aggregating to Rs.55260/- was transferred to Investors Education and Protection Fund. As per Regulation 43 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, no shares are lying in the suspense account of the Company.

34. Insurance

The Company has taken the required insurance coverage for its assets against the possible risks like fire, flood, public liability, marine, etc.

35. Nature of Business

There is no change in the nature of business during the period under review.

36. Listing of Securities

The Company's equity shares are listed on BSE Limited & National Stock Exchange Limited.

37. Cautionary Statement

Statements in the Board's report and the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions, may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include: global and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their cost, changes in government policies and tax laws, economic development of the country and other factors which are material to the business operations of the Company.

38. Appreciation

Your Company has been able to perform efficiently because of the culture of professionalism, creativity, integrity and continuous improvement in all functions and areas as well as the efficient utilization of the Company's resources for sustainable and profitable growth.

The Directors hereby wish to place on record their appreciation of the efficient and loyal services rendered by each and every employee, without whose whole-hearted efforts, the overall satisfactory performance would not have been possible.

The Directors appreciate and value the contribution made by every member of the IIL family.

For and on behalf of the Board
Insecticides (India) Limited

(Rajesh Aggarwal)
 Managing Director
 DIN - 00576872

(Hari Chand Aggarwal)
 Chairman
 DIN - 00577015

Place : Delhi
 Dated : May 28, 2018

FORM NO. AOC.1

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

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

Part "A": Subsidiaries - Not Applicable
Part "B": Associates and Joint Ventures

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

(₹ In Lacs)

| Name of Associates/Joint Ventures | OAT & IIL India Laboratories Private Limited (Joint Venture Company) |
|--|--|
| 1. Latest audited Balance Sheet Date | 31.03.2018 |
| 2. Shares of Associate/Joint Ventures held by the company on the year end | |
| Number. | 795000 |
| Amount of Investment in Associates/Joint Venture | 795.00 |
| Extend of Holding % | 20 |
| 3. Description of how there is significant influence | Joint Venture Agreement & Shareholding of 20% in OAT & IIL |
| 4. Reason why the associate/joint venture is not consolidated | NA |
| 5. Networth attributable to Shareholding as per latest audited Balance Sheet | 4100.45 |
| 6. Profit / Loss for the year | |
| i. Considered in Consolidation | 20% |
| i. Not Considered in Consolidation | 80% |

Annexure - 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The CSR policy is available on Company's website. The web link of the same is <http://www.insecticidesindia.com/Policy/CSR%20Policy%20FINAL.pdf>. A gist of the programs that the Company can undertake under the CSR policy is mentioned below.

The Company undertake activities relating to rural development including enhancing environmental and natural capital; supporting rural development; promoting education and vocational skills; providing preventive healthcare; providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India; preserving and promoting traditional art and culture, and promoting sports etc.

The Company continues to engage with stakeholders including communities, civil society, expert organisations and would take up such other CSR activities in line with Government's intent and which are important for society. The above areas are mapped with the activities as prescribed in Schedule VII to the Companies Act, 2013 in the Annexure.

2. The Composition of the CSR Committee:

| S.No | Name of the members | Designation |
|------|-------------------------|-------------|
| 1. | Mr. Hari Chand Aggarwal | Chairman |
| 2. | Mr. Rajesh Aggarwal | Member |
| 3. | Mr. Virjesh Kumar Gupta | Member |
| 4. | Mr. Ashwani Aggarwal | Member |

During the year, three meetings i.e. on May 27, 2017; November 20, 2017 and February 07, 2018 were held.

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

The Average net profit for the last three financial years is Rs.6468.36 Lacs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company is required to spend Rs. 129.37 Lacs towards CSR for the Financial Year 2017-18

5. Details of CSR spend for the financial year:

- a) Total amount spent for the financial year: Rs. 148.78 Lacs*
(*the company had spent 129.37 Lacs for the Financial Year 2017-2018 and Rs. 19.41 Lacs spend on account of previous period unutilized amount)
- b) Amount unspent, if any: Nil
- c) Manner in which the amount spent during the financial year is detailed below: (₹ in Lacs)

| S. No. | CSR Projects / Activities | Sector in which the project is covered | Locations | Amount Outlay (Budget) Project or Programs Wise | Amount Spent on the project or programs sub heads : 1) Direct expenditure on project (2) overheads | Cumulative Expenditure upto reporting period | Amount spent | |
|--------|--|--|-----------|---|--|--|--------------|-----------------------------|
| | | | | | | | Direct | Through implementing agency |
| 1 | Kisaan Jagrukta Abhiyan (Training programmes to Farmers) | Farmers Education, Upliftment and Green Initiative | PAN India | 65.00 (FY-2017-2018) | 60.70 | 153.49 | - | 60.70 |
| 2 | Project Vidya (Child education in rural areas) | Education | PAN India | 120.00 | 00.60 | 08.51 | - | 00.60 |
| 3 | Navjyoti India Foundation (NGO) | Rural Development | Delhi | Budget as per Agency demand on Yearly Basis | 07.00 | 24.00 | - | 07.00 |
| 4 | Aman Uday (NGO) | Skill Development | Haryana | Budget as per Agency demand on Yearly Basis | 01.00 | 01.00 | - | 01.00 |
| 5 | Subhaksiksha Educational Society | Education | Delhi | Budget as per Agency demand on Yearly Basis | 06.00 | 09.00 | - | 06.00 |
| 6 | Aastha Rehabilitation Society (NGO) | Health | Delhi | Budget as per Agency demand on Yearly Basis | 00.12 | 0.22 | - | 00.12 |
| 7 | Maharaja Agrasen Manav Sewa Sansthan | Health | Delhi | Budget as per Agency demand on Yearly Basis | 06.50 | 06.50 | - | 06.50 |
| 8 | Maharaja Agrasen Hospital Charitable Trust | Health | New Delhi | Budget as per Agency demand on Yearly Basis | 61.95 | 74.45 | - | 61.95 |
| 9 | Social Welfare Programmes | Health and Senatry | Haryana | 10.00 (Yearly) | 07.15 | 07.15 | - | 07.15 |
| | Total | | | | 151.02 | 284.32 | | 151.02 |

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial year or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report: Not Applicable

7. The CSR Committee affirms that the implementation and monitoring of CSR Policy is in compliance with the CSR Policy and objectives of the company.

Place : Delhi
Date : May 28, 2018

Rajesh Aggarwal
Managing Director

Hari Chand Aggarwal
Chairman of CSR Committee

RISK MANAGEMENT POLICY

I. PREAMBLE

This Risk Management Policy ("Policy") is prepared and adopted to build a framework for risk management of Insecticides (India) Limited ("Company"), in accordance with the requirement of Companies Act, 2013 ("Act"), which has become applicable with effect from 1st April, 2014 and amended clause 49 of Listing Agreement, which has become applicable with effect from 1st October, 2014. This Policy is aimed to develop an approach to make an assessment, and minimization of the risks in financial, operational and project based areas in a timely manner.

II. PURPOSE

The provisions of Act and Listing Agreement provides for the requirement of developing and implementing a Risk Management Policy ("Policy") of the Company and a statement to this effect shall be included in the Report of Board of Directors ("Board") every year. The statement shall contain the identification of risk elements, if any, which in the opinion of the Board may create threat for the existence of the Company.

III. OBJECTIVE

A Company is exposed to several types of risks, including operational and financial risks. The key objective of this Policy is to ensure sustainable business expansion with stability, and to promote an upbeat approach in risk management process by eliminating risk. In order to achieve this key objective, this Policy provides a prepared and well-organized approach to manage the various types of risk associated with day to day business of the Company and minimize adverse impact on its business objectives. Main objectives of the Policy are:

1. To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management;
2. To protect brand value through strategic control and operational policies;
3. To establish a framework for the Company's risk management process and to ensure company-wide implementation;
4. To ensure systematic and uniform assessment of risks related with different projects of the Company;
5. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

IV. BACKGROUND AND IMPLEMENTATION

This document is intended to formalize a risk management policy for the Company, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable and predictable future risks.

The Board of Directors of the Company shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network. The head of Departments shall be responsible for implementation of the risk management

system as may be applicable to their respective areas of functioning and report to the Board and/or Audit Committee.

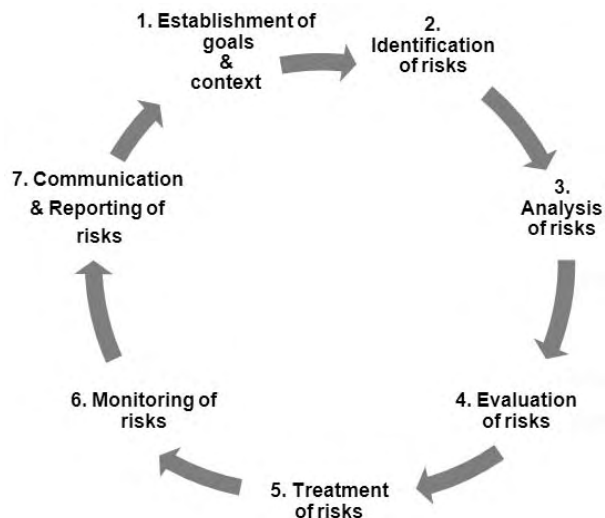
V. CATEGORIES OF RISKS

The Company faces constant pressure from the evolving marketplace that impacts important issues in risk management and threatens profit margins. The business is exposed to several kinds of risk from time to time which include the following:

1. **Strategic Risks:** These risks concern risks relating to the flux and movement of money and capital in the Company. This will include cash flow management, investment evaluation and credit default. These risks emanate out of the choices, the Company makes in the markets, resources and delivery of services.
2. **Industry and Competition Risks:** Risks relating to the agro chemicals industry, including competition in the industry, technological landscape, risks arising out of volatility manufacturing industry, and those relating to brands of the Company.
3. **Risk of Theft, Pilferage and Non Delivery:** Risks relating to theft or pilferage when the goods manufactured are failed to be delivered to the buyers. The risk of Non-delivery concerns a situation where the whole cargo is not delivered to the consignee.
4. **Risk of Clash and Breakage:** The risk of clash and breakage is mainly referred to the risks associated with the manufacturing output caused due to quiver, bump, squeezing, lacquer desquamation, nick and so on, in transit. Fragmentation is mainly referred to fragile substances and includes loss including breaching and smash in transit due to careless loading and unloading and bumping of conveyance, and may also occur during warehousing.
5. **Operational Risks:** Most common, and often combatable in all situations, these risks related to business operations such as those relating to determination, identification and procurement of vendors, services delivery to vendors, security and surveillance, and business activity disruptions.
6. **Currency Risk:** The Company deals in various foreign currencies and is exposed to fluctuations in the currency markets from time to time.
7. **Resource Risk:** The Company may at times, become susceptible to various risks associated with the procurement of talent, capital and infrastructure, as may be specific to the industry.
8. **Risks relating to regulatory and compliance framework:** Risks due to inadequate compliance to regulations, contractual obligations and intellectual property violations leading to litigations and related costs and effect on brand value and image.

Due to the constant changes in the issues affecting the business, there is always a need for proactive solutions for risk prevention and management. A comprehensive risk policy covering the broadest spectrum of potential risks will provide the most protection.

VI. RISK MANAGEMENT PROCESS



1. ESTABLISHMENT OF GOALS & CONTEXT

The purpose of this stage is to understand the environment in which the Company operates, keeping in view its external environment, as well as, internal culture. For this, the Company shall establish its strategic, organizational and risk management context and identify the constraints and opportunities of its operating environment.

2. IDENTIFICATION OF RISKS

Periodic assessment to identify significant risks for the Company and prioritizing the risks for action is an important aspect of this Policy. Mechanisms for identification and prioritization of risks include risk survey, scanning of the environment of risks, discussions about the risks and threats to the Company. A risks register shall also be maintained, and internal audit findings shall include pointers for risk identification.

Key questions that may assist identification of risks include:

- ✓ To achieve its goals, the Company shall determine when, where, why, and how are risks likely to occur?
- ✓ What are the risks associated with achieving each goal?
- ✓ What are the risks of not achieving these goals?
- ✓ Who are involved (for example, suppliers, contractors, stakeholders) in the creation, as well as combating of the same?

The appropriate risk identification method will depend on the application area (i.e. nature of activities and the hazard groups), the nature of the project, the project phase, resources available, regulatory requirements and client requirements as to objectives, desired outcome and the required level of detail.

3. ANALYSIS OF RISKS

Risk analysis involves the consideration of the source of risk, the consequence and likelihood of the risks to estimate the inherent or unprotected risk without controls

in place. It also involves identification of the controls, an estimation of their effectiveness and the resultant level of risk with controls in place (the protected, residual or controlled risk). Qualitative, semi-quantitative and quantitative techniques are all acceptable analysis techniques depending on the risk, the purpose of the analysis and the information and data available.

4. EVALUATION OF RISKS

Once the risks have been analyzed they can be compared against the previously documented and approved tolerable risk criteria.

The decision of whether a risk is acceptable or not is taken by the relevant manager. A risk may be considered acceptable if for example:

- The risk is sufficiently low that treatment is not considered cost effective, or
- A treatment is not available, e.g. a project terminated by a change of government, or
- A sufficient opportunity exists that outweighs the perceived level of threat.

If the manager determines the level of risk to be acceptable, the risk may be accepted with no further treatment beyond the current controls. Acceptable risks should be monitored and periodically reviewed to ensure they remain acceptable. The level of acceptability can be organizational criteria or safety goals set by the authorities.

5. TREATMENT OF RISKS

For top risks, dashboards shall be created to track external and internal indicators relevant for risks, so as to indicate the risk level. The trend line assessment of top risks, analysis of exposure and potential impact shall be carried out. Mitigation plans shall be finalized, owners identified, and progress of mitigation actions shall be regularly and periodically monitored and reviewed. Treatment options which are not necessarily mutually exclusive or appropriate in all circumstances shall be driven by outcomes that include:

- Avoiding the risk,
- Reducing (mitigating) the risk,
- Transferring (sharing) the risk, and
- Retaining (accepting) the risk.

6. MONITORING OF RISKS

It is important to understand that the concept of risk is dynamic and needs periodic and formal review. The currency of identified risks needs to be regularly monitored. New risks and their impact on the Company may to be taken into account. This step requires the description of how the outcomes of the treatment will be measured. Milestones or benchmarks for success and warning signs for failure need to be identified.

The review period is determined by the operating environment (including legislation), but as a general rule a comprehensive review every three years is an accepted industry norm. This is on the basis that all changes are subject to an appropriate change process including risk

assessment. The review needs to validate that the risk management process and the documentation is still valid. The review also needs to consider the current regulatory environment and industry practices which may have changed significantly in the intervening period.

The assumptions made in the previous risk assessment (hazards, likelihood and consequence), the effectiveness of controls and the associated management system as well as people need to be monitored on an on-going basis to ensure risk are in fact controlled to the underlying criteria.

For an efficient risk control, the analysis of risk interactions is necessary. This ensures that the influences of one risk to another is identified and assessed. A framework needs to be in place that enables responsible officers to report on the following aspects of risk and its impact on the Company's operations:

- What are the key risks?
- How are they being managed?
- Are the treatment strategies effective? – If not, what else must be undertaken?
- Are there any new risks and what the implications for the organization are?

7. COMMUNICATION & REPORTING

Risk updates shall be provided to the Board. Entity level risks such as project risks, account level risks shall be reported to and discussed at appropriate levels of the Company. Clear communication is essential for the risk management process, i.e. clear communication of the objectives, the risk management process and its elements, as well as the findings and required actions as a result of the output.

VII. ROLE OF THE BOARD

The Board will undertake the following to ensure that the risks in the Company are managed appropriately:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company;
- The Board shall ensure that appropriate systems for risk management are in place;
- The Board shall ensure allocation of priorities and resources in addressing risks;
- The independent directors of the Company shall help in bringing an independent judgment to bear on the Board's

deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;

- The Board shall actively participate in major decisions affecting the Company's risk profile;
- The Board may constitute any committees to ensure that risks are adequately managed and resolved where possible;
- The Board may deploy mechanisms to monitor compliance with the Policy.

The Chief Financial Officer will gather and review information and data, be thorough in assessments, seek independent or expert advice where appropriate and provide direction and guidance to the Board of Directors in terms of decision-making.

In fulfilling the duties of risk management, the Chief Financial Officer may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the approval of the Board.

VIII. RISK REGISTRATION, TREATMENT & REPORTING

The Company should make the risk registers in which the managers to record, the risk description, an assessment of that risk, the responsible officer for managing that risk & treatment plans.

This information provides a useful tool for managers & staff to consider in both strategic & operational planning & the register will be available to managers & staff.

The Board of the Company will monitor the risk profile of the organization with particular regard to those risks that exceed an acceptable risk level.

The management of risk will be integrated into organization's existing planning & operational processes & will be recognized in the funding & quarterly reporting mechanisms, on the basis of the evaluation of the level of risk & organization's exposure.

IX. DISCLOSURE IN BOARD'S REPORT

Board of Directors shall include a statement in their Board's Report, indicating development and implementation of a Risk Management Policy for the Company, including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

X. REVIEW

This Policy shall be reviewed annually, to ensure that it meets the requirements of the law and its provisions, and the needs of Company.

Annexure - 4(a)

Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18:

Table no. I (₹ in Lacs)

| Sl. No | Name of Director | Director's Remuneration | Employee Median Remuneration | Ratio |
|--------|-------------------------|-------------------------|------------------------------|-------|
| 1 | Mr. Hari Chand Aggarwal | 114.00 | 2.46 | 46 |
| 2 | Mr. Rajesh Aggarwal | 101.40 | 2.46 | 41 |
| 3 | Mrs. Nikunj Aggarwal | 38.23 | 2.46 | 16 |

Table no. II (₹ in Lacs)

| Sl. No | Name of Director | Sitting Fee | Employee Median Remuneration | Ratio |
|--------|---------------------------|-------------|------------------------------|-------|
| 1 | Mr. Virjesh Kumar Gupta | 01.50 | 2.46 | 0.61 |
| 2 | Mr. Navin Shah | 01.25 | 2.46 | 0.51 |
| 3 | Mr. Vinod Kumar Mittal | 01.50 | 2.46 | 0.61 |
| 4 | Mr. Jayaraman Swaminathan | 02.50 | 2.46 | 1.02 |
| 5 | Deepak Gupta | 00.25 | 2.46 | 0.10 |

Notes:

- Directors at above table II are Independent Directors and received only sitting fee during the year.
 - Out of pocket expenses incurred by them for attending the meetings not taken into account.
- b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

| Sl. No | Name of Director and KMP | Director/KMP | % increase in remuneration |
|--------|--------------------------|--------------------------------|----------------------------|
| 1 | Mr. Hari Chand Aggarwal | Chairman & Whole-time Director | Nil |
| 2 | Mr. Rajesh Aggarwal | Managing Director | Nil |
| 3 | Mrs. Nikunj Aggarwal | Whole-time Director | Nil |
| 4 | Mr. Sandeep Aggarwal | Chief Financial Officer | 6.31 |
| 5 | Mr. Sandeep Kumar | Company Secretary & CCO | NA |

- c. In the financial year 2017-18, there was an increase of 6.03% in the median remuneration of employees.
- d. Total number of employees of the Company as on March 31, 2018 was 1,099. The Company has maintained peaceful and harmonious relations with all its employees.
- e. The average increment of 9.86% during the year in the line with the market trend. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company; The aggregate remuneration of Executive Directors and KMPs was 0.26% of Total Income and 3.47% of Net Profit during the financial year 2017-18.
- f. Average percentile increase already made in the salaries of employees in 2017-18 was 7-8% whereas the increase in managerial remuneration was approx 10%. This was based on the recommendations of Nomination & Remuneration Committee, based on industry benchmarks and the respective person's performance and contribution. The Company's remuneration philosophy is to ensure that it is competitive in the PD industry in which it operates, for attracting and retaining the best talent. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company -

| Name of KMP | Remuneration (₹ in Lacs) | Ratio of remuneration to Profit before Tax |
|-------------------------|--------------------------|--|
| Mr. Hari Chand Aggarwal | 114.00 | 0.010 |
| Mr. Rajesh Aggarwal | 101.40 | 0.009 |
| Mr. Sandeep Aggarwal | 30.55 | 0.003 |
| Mr. Sandeep Kumar | 7.25 | 0.001 |

- g. The key parameters for the variable component of remuneration availed by the Directors are considered by the Board, based on the recommendation of the Nomination & Remuneration Committee, as per the Remuneration Policy of the Company for Directors, KMPs and other employees.
- h. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year NIL; and
- i. The company affirms that the remuneration is as per the Remuneration policy of the Company.
- j. Statement showing the names and other details of the top ten employees in terms of remuneration drawn along with other particulars. All these employees are in whole time employment of the Company.

(₹ In Lacs)

| Name and Age | Designation/ Nature of Duty | Remuneration p.a | Qualification | Age / Experience | Date of Joining | Previous Employment & Designation | % of share-holding in the Company | Relationship to any Director or Manager |
|---------------------------|--------------------------------|------------------|---------------------|---------------------|-----------------|--|-----------------------------------|--|
| Mr. Hari Chand Aggarwal | Chairman & Whole-time Director | 108.00 | High School | 69 Years / 42 Years | 01/11/2001 | Own Business | 4.47 | Father of Mr. Rajesh Aggarwal, MD and Father-in-law of Mrs. Nikunj Aggarwal, WTD |
| Mr. Rajesh Aggarwal | Managing Director | 96.00 | Graduate | 48 Years / 25 Years | 01/11/2001 | Own Business | 25.61 | Son of Mr. Hari Chand Aggarwal, Chairman and Husband of Mrs. Nikunj Aggarwal, WTD |
| Mrs. Nikunj Aggarwal | Whole-time Director | 36.00 | B.A | 45 Years / 11 Years | 02/05/2013 | Own Business | 5.44 | Wife of Mr. Rajesh Aggarwal, MD and Daughter-in-law of Mr. Hari Chand Aggarwal, Chairman |
| Mr. Sunil Kumar Wasan | General Manager | 26.84 | B-tech in Chemicals | 50 Years / 29 Years | 23/02/2016 | M/s Solrex Pharmaceutical Ltd, Sr. General Manager | 0.00 | No Relationship with Directors |
| Mr. Sandeep Aggarwal | CFO | 25.32 | CA | 50 Years / 29 Years | 01/08/2011 | Own Business | 0.00 | No Relationship with Directors |
| Mr. Vinod Kumar Garg | General Manager | 20.11 | B.Com, LLB | 59 Years / 34 Years | 01/06/2002 | - | 0.00 | No Relationship with Directors |
| Mr. Sanjay Singh | A.G.M | 20.07 | MSC | 50 Years / 25 Years | 12/06/2012 | M/s Dhanuka Agritech Ltd, Sr. Product Manager | 0.00 | No Relationship with Directors |
| Mr. Srikant S Satwe | Sr. G.M & Head | 18.51 | MSC and PGDMS | 55 Years / 30 Years | 08/12/2014 | M/s Hikal Ltd, Head Marketing | 0.00 | No Relationship with Directors |
| Mr. P C Pabbi | Vice President | 19.00 | Graduate | 57 Years / 32 Years | 23/03/1961 | Own Business | 0.00 | No Relationship with Directors |
| Dr. Mukesh Kumar Aggarwal | General Manager | 18.50 | P.hd and MSC | 56 Years / 25 Years | 21/12/2001 | M/s Hindustan Pulverising Mills, Manager QC & Production | 0.00 | No Relationship with Directors |

Annexure - 4(b)

“NOMINATION AND REMUNERATION & BOARD DIVERSITY POLICY”

Legal Framework

In an endeavor to make the hiring of directors, KMP & other senior official more transparent, the Companies Act, 2013 (‘Act’) requires the Company to have the Nomination & Remuneration Policy for inter-alia, setting up the criteria of Nomination of Directors, Key Managerial Personnel & Senior Management and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees. The constitution of Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the rules there under and Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Definitions

For the purpose of this Policy:

- ‘Act’ shall mean the Companies Act, 2013;
- ‘Board’ shall mean the Board of Directors of Insecticides (India) Limited;
- ‘Committee’ shall mean the Nomination and Remuneration Committee of the Company, constituted and re-constituted by the Board from time to time;
- ‘Company’ shall mean Insecticides (India) Limited;
- ‘Directors’ shall mean the directors of the Company;
- ‘Independent Director’ shall mean a director referred to in Section 149 (6) of the Companies Act, 2013;
- ‘Key Managerial Personnel (KMP)’ shall mean the following:
 - (i) Executive Chairman and / or Managing Director (MD) and/ or Manager
 - (ii) Whole-time Director (WTD);
 - (iii) Chief Financial Officer (CFO);
 - (iv) Company Secretary (CS);
 - (v) Such other officer as may be prescribed.
- ‘Senior Management’ shall mean personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

OBJECTIVE & PURPOSE

The objective and purpose of this Policy are as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine remuneration of Directors, Key Managerial Personnel and Other Employees.
- To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies in the agro chemicals industry.
- To provide them reward linked directly to their efforts, performance, dedication and achievement relating to the Company’s operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

SCOPE OF THE POLICY

The policy shall be applicable to the following in the Company:

- Directors
- Key Managerial Personnel (KMP)
- Senior Management
- Other employees of the Company

CONSTITUTION

- The Board shall determine the membership of the Committee.
- The Committee will comprise at least three members of non-executive directors, a majority of whom shall be independent directors.
- One of the independent non-executive directors shall be designated by the Board to serve as the Committee’s Chairman.
- The present composition of the Committee is:

| S. No. | Name | Designation | Profile |
|--------|---------------------------|-------------|---|
| 1 | Mr. Jayaraman Swaminathan | Chairman | Mr. Jayaraman Swaminathan, aged 68, holds a Master’s Degree in Science and a Diploma in Business Management. In addition he had done an advanced General Management course in MIT Sloan School USA. He joined Hoechst India in 1970 and held various positions. He rose to become a Director Member of Board. The responsibilities included manufacturing, QA, Safety in divisions of Agrochemicals, Pharmaceuticals (Pharma & Veterinary) and Vaccines. The demerger and acquisitions took him to Head new areas of responsibility in Commercial, Purchase (Imports, Exports & Domestic), Supply Chain, SAP. The companies were Hoechst Schering Agrevo Ltd., Agrevo Ltd., Aventis Ltd., Bayer Crop Science Ltd. In 2004 he joined Hikal as Business Head, VP for their the Agrochemicals division. Here the areas of work involved were active, formulations and contract manufacturing from three different factory locations. In 2008 he joined Sequent to work as Business Development Advisor for Domestic and International markets. Here the areas of work involved identifying new domestic and international customers for active, formulations and contract manufacturing for both pharma and veterinary products. Both Hikal and Sequent work focussed on developing new long term sustainable and mutually beneficial long term growth oriented business relationships. Such contracts were very well coordinated and supported by creating an efficient manufacturing and supply chain. |

| | | | |
|---|-------------------------|--------|--|
| 2 | Mr. Virjesh Kumar Gupta | Member | Mr. Virjesh Kumar Gupta, aged 67 years, belongs to a business family of Delhi. After a graduate from Sri Ram College of Commerce (Delhi University), he has highly experienced professional with in depth understanding and hands on experience in diverse business field for Over 35 years. He has specialized in general management covering almost all aspects of day to day business activities. He is currently associated with various Educational and Charitable Societies. |
| 3 | Mr. Navin Shah | Member | Mr. Navin Shah, aged 72 years, belongs to a business family of Delhi. He started his business career in plastic industries. Mr. Navin Shah has more than 40 years experience in manufacturing in PVC compound. |

1. **Appointment criteria and qualifications**

- 1.1 Letter of appointment shall be issued based on the recommendations of the Committee on the basis of the guidelines for the same under the Companies Act, 2013 or the Company Internal policy.
- 1.2 The Committee shall identify and ascertain the integrity, qualification, expertise and experience for appointment to the position of Directors, KMPs & Senior Management.
- 1.3 A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee shall review qualifications, expertise and experience, as well as the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.
- 1.4 The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining the 'fit and proper criteria' of the candidate. The candidate shall, at the time of appointment, as well as at the time of renewal of directorship, fill in such form as approved by the Committee to enable the Committee to determine the 'Fit and Proper Criteria'. The indicative form to be filled out is placed as **Annexure 1** to this Policy.
- 1.5 The Company shall not appoint or continue the employment of any person as whole time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- 1.6 The Committee shall ensure that there is an appropriate induction & training programme in place for new directors, members of senior management, and KMPs;
- 1.7 The Committee shall making recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provision of the law and their service contract.

- 1.8 The Committee shall recommend any necessary changes to the Board.

2. **Term / Tenure**

2.1 Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Chairman & Managing Director, Executive Chairman, Managing Director or Executive Director for a term not exceeding three years at a time.

No re-appointment shall be made earlier than one year before the expiry of term of the Director appointed.

2.2 Independent Director

An Independent Director shall hold office for a term up to five years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re- appointment in the Company as Independent Director after the expiry of three years from the date of cessation as such in the Company. The Committee shall take into consideration all the applicable provisions of the Companies Act, 2013 and the relevant rules, as existing or as may be amended from time to time.

3. **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a director, KMP or senior management personnel or functional heads, subject to the provisions and compliance of the Act, rules and regulations.

4. **Retirement**

The director, KMP, senior management & functional heads shall retire as per the applicable provisions of the Companies Act, 2013 along with the rules made there under and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMPs & Senior Managements even after attaining the retirement age, for the benefit of the Company.

5. **Diversity on the Board of the Company**

The Company aims to enhance the effectiveness of the Board by diversifying it and obtain the benefit out of it by better and improved decision making. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, industry experience, background, race and gender.

The Policy shall confirm with the following two principles for achieving diversity on its Board:

- Decisions pertaining to recruitment, promotion and remuneration of the directors will be based on their performance and competence; and
- For embracing diversity and being inclusive, best practices to ensure fairness and equality shall be adopted and there shall be zero tolerance for unlawful discrimination and harassment of any sort whatsoever.

In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination based on the following factors:

- **Gender** - The Company shall not discriminate on the basis of gender in the matter of appointment of director on the Board. The Company encourages the appointment of women at senior executive levels to achieve a balanced representation on the Board.
- **Age** - Subject to the applicable provisions of Companies Act, 2013, age shall be no bar for appointment of an individual as director on the Board of the Company.
- **Nationality and ethnicity** - The Company shall promote having a boardroom comprising of people from different ethnic backgrounds so that the directors may efficiently contribute their thorough knowledge, sources and understanding for the benefit of Company's business;
- **Physical disability** - The Company shall not discriminate on the basis of any immaterial physical disability of a candidate for appointment on Company's Board, if he/ she is able to efficiently discharge the assigned duties.
- **Educational qualification** - The proposed candidate shall possess desired team building traits that effectively contribute to his/ her position in the Company. The Directors of the Company shall have a mix of finance, legal and management background, that taken together, provide the Company with considerable experience in a range of activities including varied industries, education, government, banking, and investment.

6. Remuneration

- 6.1 In discharging its responsibilities, the Committee shall have regard to the following Policy objectives:
- To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
 - To attract and retain competent executives;
 - To plan short and long-term incentives to retain talent;
 - To ensure that any severance benefits are justified.
- 6.2 The remuneration/ compensation/ commission etc. to the whole-time director, KMP and senior management & other employees will be determined by the Committee and recommended to the Board for approval.
- 6.3 The remuneration to be paid to the MD and/or whole-time director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013 and the rules made there under.
- 6.4 Increments to the existing remuneration/compensation structure of the Senior Management excluding the Board of Directors comprising of members of Management

one level below the Executive Director, including the Functional Heads will be decided by the Chairman & Managing Director.

- 6.5 Remuneration to Whole-time/ Managing Director, KMP, senior management;

6.5.1 Fixed pay

The MD and/or whole-time director / KMP and senior management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, club fees and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.

1.5.2 Minimum Remuneration

If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its MD and/or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if the Company is not able to comply with such provisions, previous approval of the Central Government shall be required to be obtained.

6.6 Remuneration to Non- Executive / Independent Director:

6.6.1 Remuneration : The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and with the provisions of Companies Act, 2013 along with the rules made there under.

6.6.2 Sitting Fees: The Non- Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act 2013.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded as minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

DISCLOSURE OF THIS POLICY

The policy shall be disclosed in the Annual report of the Company, as required under Companies Act, 2013, Rules made there under and the Listing Agreement, as amended from time to time and as may be required under any other law for the time being in force.

REVIEW

The Committee as and when required shall assess the adequacy of this Policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, current law and best practice.

Annexure-1- Criteria for determination of the 'Fit and Proper Criteria'.

Name of Company: Insecticides (India) Limited

I. Personal details of the Candidate/ Director

| | | |
|----|--|--|
| a. | Full name | |
| b. | Date of Birth | |
| c. | Educational Qualifications | |
| d. | Relevant Background and Experience | |
| e. | Permanent Address | |
| f. | Present Address | |
| g. | E-mail Address/ Telephone Number | |
| h. | Permanent Account Number under the Income Tax Act | |
| i. | Relevant knowledge and experience | |
| j. | Any other information relevant to Directorship of the Company. | |

II. Relevant Relationships of Candidate/ Director

| | | |
|----|---|--|
| a. | List of Relatives if any who are connected with the Company (w.r.t. the Companies Act, 2013) | |
| b. | List of entities, if any, in which he/she is considered as being interested [w.r.t. Section 184 of the Companies Act, 2013] | |
| c. | Names of other Companies in which he/ she is or has been a member of the board during the last 3 years (giving details of period during which such office was held) | |

III. Records of professional achievements

| | | |
|----|------------------------------------|--|
| a. | Relevant Professional achievements | |
|----|------------------------------------|--|

IV. Proceedings, if any, against the Candidate/ Director

| | | |
|----|--|--|
| a. | If the person is a member of a professional association/ body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/ she has been banned from entry of at any profession/ occupation at any time. | |
| b. | Whether the person attracts any of the disqualifications envisaged under Section 164 of the Companies Act 2013? | |
| c. | Whether the person in case of appointment as Executive Chairman, Managing Director, Whole-time Director attracts any of the disqualification envisaged under Schedule V of Companies Act, 2013 ? | |
| d. | Whether the person at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA ? | |

V. Any other explanation/ information in regard to items I to III and other information considered relevant for judging fit and proper.

Undertaking

1. I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the Company fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.
2. I also undertake to execute the deed of covenant required to be executed by all directors of the Company.

Place:
Signature
Date:

VI. Remarks of Nomination Committee

Place:
Signature
Date:

Annexure - 5

Information as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of Directors' Report for the financial year ended 31st March, 2018

A. Conservation of resources

(i) Steps taken or impact on conservation of energy:

Environmental sustainability is embedded in IIL Policy. As part of long term sustainability, your Company ensures that the products, packaging and operations are safe for employees, consumers and the environment. Your Company ensures this with a focus on technologies, processes and improvements that matter for the environment. At IIL, sustainability inspires and guides everything the Company does. Moreover, the Company gives highest priority to ensure environmental friendly practices at all factories and offices. These include reduction in power consumption, optimal water consumption, eliminating excess use of paper and using eco-friendly products.

We continued our efforts on conservation of resources through automation, highly efficient utilization, adoption of efficient machines which helps us to conserve resources, while efficient waste management and reduction in carbon emission.

As in the past, the Company continued to stress upon measures for the conservation and optimal utilisation of energy in all the areas of operations. Within the Company there are continuous efforts towards improving operational efficiencies, minimizing consumption of natural resources and reducing water, energy & CO₂ emissions while maximizing production volumes.

During the year, Company has installed instruments for treatment of water, ETP Plant is Installed in Chopanki at approximate Cost of Rs. 70 to 80 Lacs, which includes the installation of machineries and Civil Works.

(ii) The steps taken by the company for utilizing alternate sources of energy:

During the year under review, the Company carried out initial surveys and looked into various alternate sources of energy. The Company needs more time and will make more efforts for finding suitable alternate sources of energy for the betterment of the Company.

(iii) Capital investment on energy conservation equipments:

During the year under review, the Company has not installed major equipment for energy conservation, however the Company has policy to use the electronic devices which uses low electricity, replacement of tradition bulb to LED lights is one of them.

B. Technology absorption

The efforts made towards technology absorption:

Technology is ever changing and employees of the Company are made aware with the latest techniques and technologies through various workshops and discussions for optimum utilization of the available resources.

We have adopted IT in such a way that its beneficial to derive like product improvement, cost reduction, product development or import substitution. Product improvement and cost reduction is always the Company's priority while we choose new equipment.

In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Your Company has not imported any technology during last three years. However, the Company has spent on the research and development of various products.

Research and Development (R&D)

(i) Specific areas in which R&D carried out by the Company

- Your Company put emphasis on R&D and spends enormous amounts and efforts in R&D and in gaining industrial experiences. First of its kind Joint Venture with Japanese via OAT & IIL Laboratories Private Limited in the Year 2013 and R&D Center at Chopanki and Dahej. It has therefore been possible for your Company to focus on introduction of new innovative products for the farmers and testing and modification of products for local conditions. Improving and maintaining the quality of certain key raw materials also continued to receive close attention.

(ii) Benefits derived as a result of the above R&D -

During the year under review the company has introduced "Kayakalp" the Agri Organic soil revitalizer for soil which is developed in R&D Center of the Company. Working towards realizing Prime Minister Narendra Modi's vision of doubling farmers' incomes by 2022, company launched a revolutionary biological product Kayakalp that will transform the health of our soil and rejuvenate it organically to improve plant health and productivity. The launch of Kaya Kalp marks a major leap for IIL into the organic products sector. **Kayakalp**, a Hindi term which means 'Rejuvenation' or 'Transformation' of one's physical being, works as a natural catalyser to improve soil's organic capacity, strengthen its nutrient value and act as a health booster tonic for the soil that will help Indian farmers improve output. The product is also duly approved by National Centre of Organic Farming, Ministry of agriculture and farmer welfare, Government of India for its features.

(iii) Future plan of action -

Steps are continuously being taken for innovation and renovation of products including new product development, improvement of packaging and enhancement of product quality / profile, to offer better products at relatively affordable prices to the consumers. The Company expected to introduce 5-6 new products during the FY 2019

The expenditure incurred on Research and Development:

(₹ in Lacs)

| Particulars | Amount |
|--|---------------|
| Capital | 144.64 |
| Recurring | 148.14 |
| OAT & IIL Laboratories Private Limited | 235.30 |
| Total | 528.08 |

C. Foreign exchange earnings and Outgo

During the year under review company has applied for licenses in various countries to increase its export, these initiatives were taken to improve the exports; development of new export market for products and export plans.

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

(₹ in Lacs)

| Particulars | Amount |
|-------------------------|----------|
| Foreign exchange earned | 2827.14 |
| Foreign exchange used | 23810.83 |

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

| | | |
|---|--|---|
| 1 | CIN | L65991DL1996PLC083909 |
| 2 | Registration Date | December 18, 1996 |
| 3 | Name of the Company | Insecticides (India) Limited |
| 4 | Category / Sub-Category of the Company | Public Company/Limited by Shares |
| 5 | Address of the Registered office and contact details | 401-402, Lusa Tower, Azadpur Commercial Complex , Delhi – 110033 Tele Fax No.: 011-27679700-04 Email: investor@insecticidesindia.com |
| 6 | Whether listed company | Yes |
| 7 | Name, Address and Contact details of Registrar and Transfer Agent, If any. | Alankit Assignments Limited Alankit House, 1E/13, Jhandewalan Exten., Delhi – 110055 Tel. No : 011-42541234 Fax No : 011-42541967 Email – rta@alankit.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| S. No. | Name and Description of main products / services | NIC 2008 Code of the Product/ service | % to total turnover of the company |
|--------|--|---------------------------------------|------------------------------------|
| 1. | Agro Chemicals | Group: 202 Class: 2021 | 100 % |

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 |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1 | OAT & IIL India Laboratories Private Limited | U73100DL2013FTC249117 | Joint Venture | 20% | Section 2(6) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i. Category-wise Share Holding

| S. No | Category of Shareholders | No. of Shares Held at the beginning of the Year | | | | No. of Share held at the end of the Year | | | | % Change during the Year |
|-----------------------------|--------------------------|---|----------|-------------------|-------------------|--|----------|-------------------|-------------------|--------------------------|
| | | DEMAT | Physical | Total | % of total Shares | DEMAT | Physical | Total | % of total Shares | |
| A. Promoter | | | | | | | | | | |
| (1) Indian | | | | | | | | | | |
| a) | Individual/HUF | 13,954,500 | - | 13,954,500 | 67.52 | 13,954,500 | - | 13,954,500 | 67.52 | - |
| b) | Central Government | - | - | - | - | - | - | - | - | - |
| c) | State Government | - | - | - | - | - | - | - | - | - |
| d) | Body Corporate | 254,550 | - | 254,550 | 1.23 | 254,550 | - | 254,550 | 1.23 | - |
| e) | Banks / FI | - | - | - | - | - | - | - | - | - |
| f) | Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (1) :- | | 14,209,050 | - | 14,209,050 | 68.75 | 14,209,050 | - | 14,209,050 | 68.75 | - |
| (2) Foreign | | | | | | | | | | |
| a) | NRIs Individuals | - | - | - | - | - | - | - | - | - |
| b) | Other Individuals | - | - | - | - | - | - | - | - | - |
| c) | Body corporates | - | - | - | - | - | - | - | - | - |

| S. No | Category of Shareholders | No. of Shares Held at the beginning of the Year | | | | No. of Share held at the end of the Year | | | | % Change during the Year |
|-------|---|---|------------|-------------------|-------------------|--|------------|-------------------|-------------------|--------------------------|
| | | DEMAT | Physical | Total | % of total Shares | DEMAT | Physical | Total | % of total Shares | |
| d) | Bank/ FI | - | - | - | - | - | - | - | - | - |
| e) | Any other | - | - | - | - | - | - | - | - | - |
| | Sub Total (A) (2): - | - | - | - | - | - | - | - | - | - |
| | Total ShareHolding of Promoter (A) = (A)(1)+(A)(2) | 14,209,050 | - | 14,209,050 | 68.75 | 14,209,050 | - | 14,209,050 | 68.75 | - |
| | B. Public Share Holding | - | - | - | - | - | - | - | - | - |
| (1) | Institutions | - | - | - | - | - | - | - | - | - |
| a) | Mutual Funds | 1,540,133 | - | 1,540,133 | 7.45 | 1,248,346 | - | 1,248,346 | 6.04 | (1.41) |
| b) | Banks/FI | 979,569 | - | 979,569 | 4.74 | 1,014,589 | - | 1,014,589 | 4.91 | 0.17 |
| c) | Central Government | - | - | - | - | - | - | - | - | - |
| d) | State Government | - | - | - | - | - | - | - | - | - |
| e) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) | Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) | FIs | - | - | - | - | - | - | - | - | - |
| h) | Foreign Portfolio Investors | 861,093 | - | 861,093 | 4.17 | 578,168 | - | 578,168 | 2.80 | (1.37) |
| i) | Other (Specify) | - | - | - | - | 38,950 | - | 38,950 | 0.19 | 0.19 |
| | Sub Total (B)(1) | 3,380,795 | - | 3,380,795 | 16.36 | 2,880,053 | - | 2,880,053 | 13.93 | (2.42) |
| (2) | Non Institutions | - | - | - | - | - | - | - | - | - |
| a) | Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (i) | Indian | 948,789 | - | 948,789 | 4.59 | 1,367,029 | - | 1,367,029 | 6.61 | 2.02 |
| (ii) | Overseas | - | - | - | - | - | - | - | - | - |
| (b) | Individuals | - | - | - | - | - | - | - | - | - |
| (i) | Individual Shareholders holding nominal share capital upto Rs. 1 lakh | 1,629,899 | 352 | 1,630,251 | 7.89 | 1,504,375 | 341 | 1,504,716 | 7.28 | (0.61) |
| (ii) | Individual Shareholders holding nominal share capital exceeds of Rs. 1 lakh | 337,485 | - | 337,485 | 1.63 | 368,899 | - | 368,899 | 1.78 | 0.15 |
| (c) | Others | - | - | - | - | - | - | - | - | - |
| (i) | NBFC Registered with RBI | 93,575 | - | 93,575 | 0.45 | 40,456 | - | 40,456 | 0.20 | (0.26) |
| (ii) | Other (NRI) | 64,715 | - | 64,715 | 0.31 | 79,373 | - | 79,373 | 0.38 | 0.07 |
| (iii) | Other (Trust) | 3,136 | - | 3,136 | 0.02 | 44,992 | - | 44,992 | 0.22 | 0.20 |
| (iv) | Others (Resident HUF) | - | - | - | - | 160,608 | - | 160,608 | 0.78 | 0.78 |
| (v) | Other (Clearing Member) | - | - | - | - | 12,620 | - | 12,620 | 0.06 | 0.06 |
| | Sub-Total (B) (2) | 3,077,599 | 352 | 3,077,951 | 14.89 | 3,578,352 | 341 | 3,578,693 | 17.32 | 2.42 |
| | Total Public Shareholding (B)=(B)(1)+(B)(2) | 6,458,394 | 352 | 6,458,746 | 31.25 | 6,458,405 | 341 | 6,458,746 | 31.25 | - |
| | C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| | Grand Total (A+B+C) | 20,667,444 | 352 | 20,667,796 | 100.00 | 20,667,455 | 341 | 20,667,796 | 100.00 | - |

ii. Shareholding of Promoters

| S. No | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the Year | | | % Change in Shareholding during the Year |
|-------|-----------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total Shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total Shares | |
| 1 | H C AGGARWAL HUF | 1,494,000 | 7.23 | - | 1,494,000 | 7.23 | - | - |
| 2 | HARI CHAND AGGARWAL | 923,400 | 4.47 | - | 923,400 | 4.47 | - | - |
| 3 | RAJESH AGGARWAL | 5,292,900 | 25.61 | - | 5,292,900 | 25.61 | - | - |
| 4 | PUSHPA AGGARWAL | 2,151,900 | 10.41 | - | 2,151,900 | 10.41 | - | - |
| 5 | RAJESH AGGARWAL HUF | 1,953,000 | 9.45 | - | 1,953,000 | 9.45 | - | - |
| 6 | NIKUNJ AGGARWAL | 1,125,000 | 5.44 | - | 1,125,000 | 5.44 | - | - |
| 7 | KRITIKA AGGARWAL | 112,500 | 0.54 | - | 112,500 | 0.54 | - | - |
| 8 | SANSKAR AGGARWAL | 901,800 | 4.36 | - | 901,800 | 4.36 | - | - |
| 9 | ISEC ORGANICS LIMITED | 254,550 | 1.23 | - | 254,550 | 1.23 | - | - |
| | Total | 14,209,050 | 68.75 | - | 14,209,050 | 68.75 | - | - |

iii. Change in Promoters' Shareholding (please specify, if there is no change): There is no change in Promoters Shareholding during the Year

| Change in Promoters' Shareholding (please specify, if there is no change) | | | | | |
|---|--|---|--|---|--|
| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the Year | |
| | | No. of Shares | % of total ShareCapital of the Company | No. of Shares | % of total ShareCapital of the Company |
| | at the beginning of the year | 14,209,050 | 68.75 | 14,209,050 | 68.75 |
| | Date wise increase / Decrease in promoters Share holding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / Sweat equity etc) | - | - | - | - |
| | At the end of the Year | 14,209,050 | 68.75 | 14,209,050 | 68.75 |

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

| Sl. No. | Name of the top 10 shareholders | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|---------|---|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| 1 | Life Insurance Corporation of India | 972,482 | 4.71 | 972,482 | 4.71 |
| 2 | HDFC Small & Midcap Fund | 248,187 | 1.20 | 658,187 | 3.18 |
| 3 | Sundaram Mutual Fund A/c Sundaram Rural India Fund | 81,991 | 0.40 | 210,000 | 1.02 |
| 4 | Fidelity Northstar Fund | 650,000 | 3.14 | 193,380 | 0.94 |
| 5 | HDFC Trustee Company Limited A/c HDFC Balanced Fund | 588,581 | 2.85 | 178,581 | 0.86 |
| 6 | TATA AIG Life Insurance Co Ltd | - | - | 143,938 | 0.70 |
| 7 | SBI Life Insurance Co Ltd | 21,000 | 0.10 | 143,667 | 0.70 |
| 8 | BNP Paribus MID CAP Fund | 130,115 | 0.63 | 140,115 | 0.68 |
| 9 | Zealous Financial Services Private Limited | 154,000 | 0.75 | 126,000 | 0.61 |
| 10 | Vinod Infotech Private Limited | 116,555 | 0.56 | 93,488 | 0.45 |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name of the Directors and KMP | Director Identification No. (DIN) | Shareholding at the beginning of the year | | Shareholding at the end of the year | | % change in shareholding during the year |
|--|-------------------------------|-----------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|--|
| | | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company | |
| Directors | | | | | | | |
| 1 | Hari Chand Aggarwal | 00577015 | 922,800 | 4.46 | 922,800 | 4.46 | - |
| 2 | Rajesh Aggarwal | 00576872 | 5,292,900 | 25.61 | 5,292,900 | 25.61 | - |
| 3 | Nikunj Aggarwal | 06569091 | 1,125,000 | 5.44 | 1,125,000 | 5.44 | - |
| Key Managerial Personnel (KMPs) | | | | | | | |
| 1 | Sandeep Kumar (CS)* | | - | - | - | - | - |
| 2 | Sandeep Aggarwal (CFO) | | - | - | - | - | - |

*Mr. Sandeep Kumar appointed as Company Secretary of the Company w.e.f April 18, 2017

V. INDEBTEDNESS

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

(₹ in Lacs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year* | | | | |
| i) Principal Amount | 23663.79 | - | - | 23608.80 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 29.93 | - | - | 20.98 |
| Total (i+ii+iii) | 23693.72 | - | - | 23629.78 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | - | - | - | - |
| • Reduction | 12206.31 | - | - | 12206.31 |
| Net Change | 12206.31 | - | - | 12206.31 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 11435.70 | - | - | 11435.70 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 21.78 | - | - | 21.78 |
| Total (i+ii+iii) | 11457.48 | - | - | 11457.48 |

*Previous periods figures have been restated as per Ind AS to make them comparable.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|---|-------------------------|---------------------|----------------------|----------------|
| | | Mr. Hari Chand Aggarwal | Mr. Rajesh Aggarwal | Mrs. Nikunj Aggarwal | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 103.30 | 91.84 | 34.54 | 229.68 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 5.79 | 5.19 | 2.02 | 13.00 |
| | (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, (Company's contribution to PF) | 4.91 | 4.37 | 1.67 | 10.95 |
| | Total (A) | 114.00 | 101.40 | 38.23 | 253.63 |
| | Ceiling as per the Act (@ 10% of profits calculated under Section 198 of the Companies Act, 2013) | | | | 1180.97 |

B. Remuneration/ Sitting fee to other directors:

(₹ in Lacs)

| Sl. No | Particulars of Remuneration | Fee for attending Board / Committee Meetings | Commission | Other, please Specify | Total Amount |
|----------|---|--|------------|-----------------------|----------------|
| 1 | Independent Directors | | | | |
| | Mr. Navin Shah | 1.25 | - | - | 1.25 |
| | Mr. Virjesh Kumar Gupta | 1.50 | - | - | 1.50 |
| | Mr. Vinod Kumar Mittal | 1.50 | - | - | 1.50 |
| | Mr. S. Jayaraman | 2.50 | - | - | 2.50 |
| | Mr. Deepak Gupta* | 0.25 | - | - | 0.25 |
| | Total (1) | 7.00 | - | - | 7.00 |
| 2 | Other Non-Executive Directors | | | | |
| | | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total (B) = (1+2) | 7.00 | - | - | 7.00 |
| | Total Managerial Remuneration ^ | | | | 260.63 |
| | Ceiling as per the Act (@ 11% of profits calculated under Section 198 of the Companies Act, 2013) | | | | 1299.07 |

*Shri Deepak Gupta has resigned and ceases to be Independent Director w.e.f. January 15, 2018.

^Total remuneration to chairman and Managing Director, Whole-time directors and other Directors (Being the total of A and B)

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(₹ in Lacs)

| Sl. No. | Particulars of the Remuneration | Sandeep Kumar CS | Sandeep Aggarwal CFO | Total |
|---------|---|------------------|----------------------|-------------|
| 1 | Gross Salary | | | |
| | (a) Salary as per the provisions contained in section 17(1) of the Income Tax Act, 1961 | 6.42 | 26.8 | 33.22 |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 0.33 | 1.6 | 1.93 |
| | (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission | 0 | 0 | 0 |
| | - as % of profit | 0 | 0 | 0 |
| | - others, specify | 0 | 0 | 0 |
| 5 | Others | | | 0 |
| | - Arrear Salary | 0 | 0.87 | 0.87 |
| | - Company's Contribution to PF | 0.5 | 1.28 | 1.78 |
| | Total | 7.25 | 30.55 | 37.8 |

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 | | | N.A | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | N.A | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | N.A | | |
| Punishment | | | | | |
| Compounding | | | | | |

CORPORATE GOVERNANCE REPORT

I. Company's Philosophy on Code of Governance

Insecticides (India) Limited philosophy on Corporate Governance revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. This philosophy is backed by principles of Concern, Commitment, Ethics, Excellence and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. Company respects the inalienable rights of the shareholders to information on the performance of the Company. The Company's Corporate governance policies ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz. Employees, Investors, Customers, Regulators etc. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet Shareholder's expectations.

II. Board Of Directors

- i. As on March 31, 2018, the Company has Seven Directors. Out of Seven Directors, Four (i.e. 57.14%) are Independent Directors. The profiles of Directors can be found on (<http://www.insecticidesindia.com/board.html>). The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI 'Listing Regulations') read with Section 149 of the Companies Act, 2013 (the 'Act').
- ii. None of the Directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director. Necessary

disclosures regarding Committee positions in other public companies as on March 31, 2018 have been made by the Directors. None of the Directors are related to each other except Shri Hari Chand Aggarwal, Shri Rajesh Aggarwal and Smt. Nikunj Aggarwal.

- iii. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- iv. Five Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held:
April 18, 2017; May 27, 2017; August 09, 2017; November 20, 2017 and February 07, 2018.
The necessary quorum was present for all the meetings.
- v. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2018, are given herein below. For reckoning the limit of the Board Committees, chairpersonship and membership, Audit Committee and Stakeholders' Relationship Committee has only been considered under Regulation 26(1) (b) of SEBI Listing Regulations.

| Name of the Director & DIN | Category | Number of board meetings attended during the year | Whether attended last AGM | Number of Directorships in other Companies | Number of Committee positions held in other Companies | | Share holding (No. of Share) |
|---|--------------------------------|---|---------------------------|--|---|--------|------------------------------|
| | | | | | Chairman | Member | |
| Shri Hari Chand Aggarwal (DIN: 00577015) | Chairman & Whole Time Director | 4 | Yes | 1 | - | - | 923400 |
| Shri Rajesh Aggarwal (DIN: 00576872) | Managing Director | 5 | Yes | 2 | - | - | 5292900 |
| Smt. Nikunj Aggarwal (DIN: 06569091) | Whole time Director | 4 | Yes | - | - | - | 1125000 |
| Shri Navin Shah (DIN: 02701860) | Independent Director | 4 | Yes | 2 | - | - | - |
| Shri Virjesh Kumar Gupta (DIN: 06342540) | Independent Director | 5 | Yes | - | - | - | - |
| Shri Vinod Kumar Mittal (DIN: 07421742) | Independent Director | 5 | Yes | - | - | - | - |
| Shri S. Jayaraman (DIN: 02634470) | Independent Director | 5 | Yes | - | - | - | - |
| Shri Deepak Gupta* (DIN: 00241588) | Independent Director | 1 | Yes | 1 | - | - | - |

Note: *Shri Deepak Gupta has resigned and ceases to be Independent Director w.e.f. January 15, 2018.

- vi. During the year 2017-18, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- vii. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company (<http://www.insecticidesindia.com>).
- viii. During the year 2017-18, two meeting of the Independent Directors were held on May 27, 2017 and February 07, 2018. The Independent Directors, inter-alia, reviewed the performance of non-independent directors, and the Board as a whole.
- ix. The Board periodically reviews the compliance reports of all laws applicable to the Company.
- x. The details of the familiarization programme of the Independent Directors are available on the website of the Company (<http://www.insecticidesindia.com/FamiliarizationIDS.htm>).

III. Committee of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board, to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Minutes of the meetings of all the Committees are placed before the Board for review.

The Board has currently established the following five (5) statutory and non-statutory Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Finance Committee

1. Audit Committee

The power, role and terms of reference of the Audit Committee covers the areas as contemplated under Section 177 of the Act and Regulation 18 of Listing Regulations, as applicable, besides other terms as referred by the Board of Directors.

During the year under review, Five (5) Audit Committee Meetings were held on April 18, 2017; May 27, 2017; August 09, 2017; November 20, 2017 and February 07, 2018. The maximum time-gap between any two consecutive meetings did not exceed 120 days.

The composition of the Audit Committee and attendance of members at the meetings of the Audit Committee held during the period are as follows:-

| Name of the Director | Category | Numbers of meetings attended |
|--------------------------|---------------------------------|------------------------------|
| Shri Vinod Kumar Mittal | Independent Director - Chairman | 5 |
| Shri S. Jayaraman | Independent Director - Member | 5 |
| Shri Virjesh Kumar Gupta | Independent Director - Member | 5 |

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

Terms of Reference

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information;
- b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- c) Approval of payment to statutory auditors for any other services rendered by them.
- d) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to.
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report.

- Changes, if any, in accounting policies and practices and reasons for the same.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- e) Reviewing with the management the quarterly financial statements before submission to board for approval.
 - f) Reviewing with the management the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in offer document/ prospectus/ notice and report submitted by the monitoring agency monitoring the utilisation of proceed of a public or right issue and making appropriate recommendations to the Board to take up steps in this matter.
 - g) Review and monitor the auditor's independence and performance, and effectiveness of audit process.
 - h) Approval of the related party transactions as per policy of the Company, including granting of omnibus approval for related party transactions
 - i) Scrutiny of inter-corporate loans and investments.
 - j) Examination of the financial statement and the auditor's report thereon;
 - k) Valuation of undertakings or assets of the company, wherever it is necessary
 - l) Evaluation of internal financial controls and risk management systems. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.
 - m) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - n) Reviewing the adequacy of internal audit function, if any, including frequency of internal audit.
 - o) Discussion with internal auditors of any significant findings and follow up there on.
 - p) Reviewing the findings of any internal observations by the internal auditors into matters where there is irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - r) To review the functioning of the Vigil mechanism.
 - s) Management discussion and analysis of financial condition and results of operations.
 - t) The audit committee shall review the information required as per SEBI Listing Regulations.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

During the year, 5 (Five) Nomination and Remuneration Committee Meetings were held on April 18, 2017; May 27, 2017; August 09, 2017; November 20, 2017 and February 07, 2018. The necessary quorum was present for all the meetings. The composition of the Nomination and Remuneration Committee and attendance of members at the meetings of the Nomination and Remuneration Committee held during the period are as follows:-

| Name of the Director | Designation | Number of Meetings attended |
|--------------------------|---------------------------------|-----------------------------|
| Shri S. Jayaraman | Independent Director - Chairman | 5 |
| Shri Virjesh Kumar Gupta | Independent Director - Member | 5 |
| Shri Navin Shah | Independent Director - Member | 4 |

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

Terms of Reference

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Directors' performance.
- Formulation of the criteria for determining qualifications, positive attributes and independence of the Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of director
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors
- Determine/ review on behalf of Board of Directors of the Company the compensation package, service agreements and other employment conditions for Managing/Whole Time Director(s).
- Determine on behalf of the Board of Directors of the Company the quantum of annual increments/incentives on the basis of performance of the Key Managerial Personnel.
- Formulate, amend and administer stock options plans and grant stock options to Managing / Whole Time Director(s) and employees of the Company.
- Delegate any of its power/ function as the Committee deems appropriate to Senior Management of the Company.
- Consider other matters, as from time to time be referred to it by the Board.

Performance evaluation criteria for Independent Directors

Pursuant to the provisions of the Section 134 (3)(p) of the Companies Act, 2013 read with Regulation SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Nomination & Remuneration committee carried out the annual performance evaluation of its Directors individually

including the Chairman, and the Board accordingly evaluated the overall effectiveness of the Board of Directors, including its committees based on the ratings given by the Nomination and Remuneration Committee of the Company.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board' functioning such as Knowledge to perform the role; Time and level of participation; Performance of duties and level of oversight; and Professional conduct and independence.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was also carried out by the Independent Directors.

The Directors expressed their satisfaction to the above.

Details of the Remuneration for the year ended March 31, 2018:

a. Non-Executive Directors:

(₹ in Lacs)

| Name | Sitting Fees (Rs.) |
|--------------------------|--------------------|
| Shri Navin Shah | 1.25 |
| Shri Virjesh Kumar Gupta | 1.50 |
| Shri Vinod Kumar Mittal | 1.50 |
| Shri S. Jayaraman | 2.50 |
| Shri Deepak Gupta* | 0.25 |

*Shri Deepak Gupta has resigned and ceases to be Independent Director w.e.f. January 15, 2018.

b. Chairman, Managing Director and Executive Director

(₹ in Lacs)

| Name | Shri Hari Chand Aggarwal | Shri Rajesh Aggarwal | Smt. Nikunj Aggarwal |
|---|----------------------------------|----------------------|----------------------|
| Designation | Chairman and Whole-time Director | Managing Director | Whole-time Director |
| Salary & Allowances (₹ in Lac) | 103.30 | 91.84 | 34.54 |
| Bonus/Performance Incentive (₹ in Lac) | 5.40 | 4.80 | 1.80 |
| Perquisites (₹ in Lac) | 0.39 | 0.39 | 0.22 |
| Companies Contribution to PF/ Stock options | 4.91 | 4.37 | 1.67 |
| Tenure | 5 years | 3 years | 5 years |
| Notice Period & Severance Pay | Three Months | Three Months | Three Months |
| Performance Criteria | As per Agreement | As per Agreement | As per Agreement |

Note: The above figures do not include provisions for gratuity and premium paid for Group Health Insurance as separate actuarial valuation/premium paid is not available.

3. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

During the year, 5 (Five) Stakeholders Relationship Committee Meetings were held as on May 27, 2017; August 09, 2017; November 20, 2017; December 20, 2017 and February 07, 2018. The necessary quorum was present for all the meetings. The composition of Stakeholders Relationship Committee meeting and number of Stakeholders Relationship Committee meetings attended by the Members during the year is given below:

| Name of the Director | Designation | Number of Meetings attended |
|--------------------------|---------------------------------|-----------------------------|
| Shri Virjesh Kumar Gupta | Independent Director - Chairman | 5 |
| Shri Navin Shah | Independent Director - Member | 4 |
| Shri Vinod Kumar Mittal | Independent Director - Member | 5 |

The Company Secretary acts as the Secretary to the Stakeholders' Relationship Committee.

Terms of Reference

- To consider and resolve the grievances of Security holders of the Company.
- To approve applications for transfer, transmission, transposition of shares and mutation of share certificates including issue of duplicate certificates, split, sub-division or consolidation of certificates and to deal with all related matters.
- To look into and redress the Shareholders / investors grievances relating to:
 - Transfer of shares;
 - Non-receipt of dividends;
 - Non-receipt of annual reports; and
 - Any other complaint concerning the Shareholders / investors
- The Committee will oversee the performance of the Registrars and Share Transfer Agents of the Company.
- Such other matters as may be required, from time to time, by any statutory or regulatory authority to be attended by the Committee;
- Consider other matters, as from time to time be referred to it by the Board

Details of No. of Shareholder's complaint received, No. of Complaints not solved to the satisfaction of shareholders and No. of pending complaints

| Sl. No. | Nature of Complaints | Received | Resolved | Pending |
|---------|---|---------------|---------------|------------|
| 1 | Non-receipt of Dividend Warrants and Dividend Draft Revalidation in respect of Shares | Five | Five | Nil |
| 2 | Non- receipt of Annual Report | Three | Three | Nil |
| 3 | Other | Three | Three | Nil |
| | Total | Eleven | Eleven | Nil |

Compliance officer

Shri Sandeep Kumar, Chief Compliance Officer and Company Secretary of the Company

4. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee is constituted in line with the provisions of Section 135 of the Act.

During the year, 3 (Three) meetings of the Corporate Social Responsibility Committee were held on May 27, 2017; November 20, 2017 and February 07, 2018. The necessary quorum was present for all the meetings. The composition of Corporate Social Responsibility Committee meeting and number of Corporate Social Responsibility Committee meetings attended by the Members during the year is given below:

| Name of the Director | Designation | Meetings attended |
|--------------------------|-------------------------------|-------------------|
| Shri Hari Chand Aggarwal | Executive Director - Chairman | 2 |
| Shri Rajesh Aggarwal | Executive Director - Member | 3 |
| Shri Virjesh Kumar Gupta | Independent Director - Member | 3 |
| Shri Ashwani Aggarwal | Member | 3 |

The Company Secretary acted as the Secretary to the Committee.

B. Terms of Reference

The Terms of reference of Corporate Social Responsibility Committee include:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activity to activities to be undertaken by the Company as per the Schedule VII of the Companies Act, 2013.
- To recommend the amount of expenditure to be incurred on the activities related to CSR; and
- To monitor the Corporate Social Responsibility Policy of the Company from time to time.

5. Finance Committee

The Board of Directors had re-constituted the Finance Committee and modified the term and reference of Finance Committee, during the year, 8 (Eight) Finance Committee Meetings were held as on April 18, 2017; May 27, 2017; August 09, 2017; September 11, 2017; November 20, 2017; January 18, 2018; February 07, 2018 and March 26, 2018.

The necessary quorum was present for all the meetings. The composition of the Finance Committee and number of Finance Committee meetings attended by the Members during the year are given below:

| Name of the Director | Designation | Number of Meetings attended |
|---------------------------|-------------------------------|-----------------------------|
| Shri Hari Chand Aggarwal | Executive Director - Chairman | 7 |
| Shri Virjesh Kumar Gupta* | Independent Director - Member | 2 |
| Shri Vinod Kumar Mittal* | Independent Director - Member | 2 |
| Shri Rajesh Aggarwal* | Executive Director - Member | 6 |
| Smt. Nikunj Aggarwal* | Executive Director - Member | 6 |

*Board of Directors reconstituted and modified term and references of the committee as on March 27, 2017

The Company Secretary acted as the secretary to the Committee.

Terms of Reference

- a) To Overview the day to day working of the Company;
- b) Review of working capital and cash flow management;
- c) Review of banking arrangement and taking all necessary actions connected therewith including refinancing for optimization of borrowing costs (subject to overall limit of borrowing);
- d) Investment of the funds of the Company (subject to compliance of all applicable provisions of Companies Act, 2013);
- e) Review, consider and advice to the board any other matter related to the Finance and management of the Company;
- f) To negotiate with the banks in regard reduction of rate of interest, open new account and closure of accounts;
- g) Give authority for creation, modification, satisfaction of charge on assets of the company, hypothecation on movable and immovable assets of the Company;
- h) Power to authorize the persons/officers/ Directors or any other person in relation to representation before the government authorities, courts, quasi judicial bodies, banks and any other authorities as may be required;
- i) Overview and take actions on the works of urgent matters;
- j) Delegate any of its power, if required, to one or more members;
- k) Any other matter to execute the foregoing.
- l) The Finance Committee shall not take any policy related decisions of the Company.

IV. CEO/CFO Certification

The Managing Director and CFO of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting as required under Regulation 17(8) of the Listing Regulations for the financial year ended March 31, 2018.

V. General Body Meetings

a) Annual General Meetings

| Financial Year | Date | Time | Venue |
|----------------|--------------------|------------|--|
| 2014-2015 | September 22, 2015 | 01:00 P.M. | M.P.C.U. |
| 2015-2016 | September 21, 2016 | 11:30 A.M. | Shah Auditorium, Civil Lines, Delhi – 110054 |
| 2016-2017 | August 08, 2017 | 04:30 P.M. | |

b) Special Resolution(s)

- i. One Special Resolution were passed by the shareholders at the 20th Annual General Meeting held on August 08, 2017 of the company i.e. Re-appointment of Rajesh Aggarwal as Managing Director of the Company for the term of 3 years from November 15, 2016 to November 14, 2019.

- ii. Three Special Resolutions were passed by the shareholders at the 19th Annual General Meeting held on September 21, 2016 of the Company. 1). Approved the Increase of the remuneration of Shri Hari Chand Aggarwal as Chairman cum Whole-time Director 2). Approved the increase of the remuneration of Shri Rajesh Aggarwal as a Managing Director 3). Approved the Increase of the Remuneration of Smt. Nikunj Aggarwal as a Whole-time Director.
- iii. No Special Resolution were proposed in the 18th Annual General Meeting

c) No Extra-Ordinary General Meeting held during Financial Year 2017-2018

d) Special Resolution passed through Postal Ballot

During the year under review, no special resolution has been passed through the exercise of postal ballot.

VI. Other Disclosures

a) Subsidiary Companies

During the year under review, the Company does not have any subsidiary company. Therefore, there is no requirement of reviewing the financial statements of unlisted company by Audit Committee.

b) Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

c) Code of Conduct

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The copies of Code of Conduct as applicable to the Executive Directors (including Senior Management of the Company) and Independent have been sent to all the Directors and Senior Management Personnel. The Code of Conduct is available on the Company's website www.insecticidesindia.com and copy of the Code of Conduct can be inspected at the registered office of the Company during the business hours.

All the members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as applicable to them during the year ended March 31, 2018. The Annual Report of the Company contains declaration duly signed by the Managing Director.

d) Relationship among the Directors

| Sl. No | Name of the Directors | Relationship with other Disclosures |
|--------|--------------------------|--|
| 1 | Shri Hari Chand Aggarwal | Father of Shri Rajesh Aggarwal and father-in-law of Smt. Nikunj Aggarwal |
| 2 | Shri Rajesh Aggarwal | Son of Shri Hari Chand Aggarwal and Spouse of Smt. Nikunj Aggarwal |
| 3 | Smt. Nikunj Aggarwal | Daughter-in-law of Shri Hari Chand Aggarwal and Spouse of Shri Rajesh Aggarwal |

e) Compliance

The Company Secretary, while preparing the agenda, notes on agenda, minutes, etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 2013 read with the rules issued thereunder.

During the year, the Board periodically reviewed compliance reports with respect to the various laws applicable to the Company, as well as taken by the Company to rectify the instances of non-compliance, if any.

f) Disclosures

i. Disclosure on materially significant related party transactions, i.e. the Company's transactions that are of material nature, with its Promoters, Directors and the management, their relatives or subsidiaries, among others that may have potential conflict with the Company's interests at large

The details of related party transactions with the Company are given in Note No. 37 of the Notes to Accounts of the Company. Besides this, the Company has no material transaction with the related parties' viz. promoters, directors of the Company, management, their relatives, subsidiaries of promoter Company etc. that may have a potential conflict with the interest of the Company at large.

The Audit Committee has set out the criteria for granting approval to related party transactions which are repetitive in nature for the period of one year i.e 2017-18 under the category of Omnibus transaction pursuant to Regulation 23 of LODR, 2015. The transactions as approved by the Audit Committee were entered at Arm's Length Price and were in ordinary course of business of the Company. These transactions have been disclosed in the Notes to Accounts of the Company and policy is available at <http://www.insecticidesindia.com/Policy/RELATED%20PARTY%20TRANSACTION%20FINAL.pdf>

ii. Disclosure of Accounting Treatment

The Company has adopted Ind AS w.e.f. April 01, 2017 with a transition date of April 01, 2016. Accordingly results for the year ended March 31, 2017 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. Previous periods figures have been restated as per Ind AS to make them comparable.

iii. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority, on any matter related to capital markets during last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during last three years, and hence, no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority.

iv. Vigil Mechanism (Whistle Blower) Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. No personnel has been denied access to the Audit Committee. [http://www.insecticidesindia.com/Policy/VIGIL%20MECHANISM%20\(WHISTLE%20BLOWER\)%20POLICY%20_28.01.2015.pdf](http://www.insecticidesindia.com/Policy/VIGIL%20MECHANISM%20(WHISTLE%20BLOWER)%20POLICY%20_28.01.2015.pdf)

v. Adoption of Mandatory and Non- Mandatory Requirements of SEBI Listing Regulations

The Company has complied with all the mandatory requirements of the provisions of SEBI Listing Regulations. Further, the Company had not adopted any non-mandatory requirements as mentioned in the SEBI Listing Regulations.

vi. Proceeds from Public Issue, Rights Issue, Preferential Issues, etc.

The Company has not done any further issue of shares during the period under review.

vii. Auditors' Certificate on Corporate Governance

The Company has obtained the certificate from its Statutory Auditors regarding compliance with the provisions relating to Corporate Governance laid down in SEBI Listing Regulations. This certificate is attached with the Boards' Report and will be sent to the Stock Exchanges along with the Annual Report to be filed by the Company. The disclosure of the compliance with Corporate Governance Requirement specified in Regulation 17 to 27 and Clause (b) to (l) of Sub-regulation (2) of Regulation 46 shall be made in the Section on Corporate Governance of the Annual Report.

VII. Means of Communication

The quarterly, half-yearly and annual results of the Company are published in leading newspaper in India which includes 'Business Standard (English) and 'Business Standard (Hindi). The Results are also displayed on Companies website "www.insecticidesindia.com". Press Releases made by the Company from time to time are also displayed on the Company's website. Presentations made to the institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results are also displayed on the Company's website. The Company's official news and other important investor related information are periodically displayed and updated on the company's website. Also, the website of the Company contains a separate dedicated section 'Investor Desk' where shareholders' information is available. The Company's Annual Report is also available in a user-friendly and downloadable form. A Management Discussion and Analysis Report is a part of the Company's Annual Report.

VIII. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting:

| | |
|-------|--|
| Date | : August 08, 2018 |
| Time | : 12:30 p.m. |
| Venue | : M. P. C. U. Shah Auditorium, Civil Lines, Delhi – 110 054 |

As required Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the AGM held on Wednesday August 08, 2018.

ii. Financial Calendar

| | |
|------------------|--|
| Year ending | : March 31 |
| AGM in | : August 08, 2018 |
| Dividend Payment | : The Final dividend, if declared, shall be paid with in Statutory period. |

iii. Date of Book Closure/ Record Date

31/07/2018 to 08/08/2018 (Both days Inclusive)

iv. Listing on Stock Exchanges

BSE
P.J. Towers, Dalal Street,
Mumbai – 400 001
The National Stock Exchange of India Ltd. (NSE)
“Exchange Plaza”
BandraKurla Complex,
Bandra(E),
Mumbai – 400 051
Annual listing fee for the year 2018-19, has been paid by the Company to BSE and NSE.
Annual custodian charges of Depository have also been paid to NSDL and CDSL.

v. Stock Code / Symbol

NSE - INSECTICID;
BSE - 532851

vi. ISIN No.

: INE 070I01018

vii. Corporate Identification Number (CIN) of the Company

: L65991DL1996PLC083909

viii. Market Price data:

The monthly high and low quotations, as well as the volume of shares traded at BSE and NSE for the period from 01st April, 2017 to 31st March, 2018 are given below:

| Month | BSE | | | NSE | | |
|----------|--------------------------|-------------------------|------------------|--------------------------|-------------------------|------------------|
| | Month's High Price (Rs.) | Month's Low Price (Rs.) | Volume (in Nos.) | Month's High Price (Rs.) | Month's Low Price (Rs.) | Volume (in Nos.) |
| Apr-2017 | 644.00 | 516.00 | 542749 | 644.00 | 522.50 | 11,75,151 |
| May-2017 | 703.80 | 583.20 | 412169 | 704.00 | 580.50 | 11,26,560 |
| Jun-2017 | 718.70 | 624.85 | 279614 | 717.00 | 626.50 | 6,35,023 |
| Jul-2017 | 727.85 | 627.00 | 341903 | 726.50 | 625.55 | 8,66,423 |
| Aug-2017 | 881.40 | 709.05 | 537157 | 884.00 | 704.55 | 17,57,432 |
| Sep-2017 | 965.60 | 855.15 | 555885 | 964.00 | 794.80 | 13,29,858 |
| Oct-2017 | 959.70 | 857.05 | 363208 | 958.05 | 854.55 | 9,66,678 |

| Month | BSE | | | NSE | | |
|----------|--------------------------|-------------------------|------------------|--------------------------|-------------------------|------------------|
| | Month's High Price (Rs.) | Month's Low Price (Rs.) | Volume (in Nos.) | Month's High Price (Rs.) | Month's Low Price (Rs.) | Volume (in Nos.) |
| Nov-2017 | 950.15 | 811.90 | 408537 | 950.20 | 815.00 | 12,57,789 |
| Dec-2017 | 856.00 | 756.00 | 297132 | 838.00 | 731.55 | 8,33,003 |
| Jan-2018 | 860.00 | 786.25 | 166946 | 858.95 | 786.80 | 9,14,502 |
| Feb-2018 | 850.00 | 734.45 | 62607 | 845.00 | 729.95 | 4,83,876 |
| Mar-2018 | 771.00 | 685.70 | 65303 | 771.10 | 685.05 | 3,83,328 |

-Source: www.bseindia.com and www.nseindia.com

ix. Registrar and Share Transfer Agent

Alankit Assignments Limited
(Unit: Insecticides (India) Limited)
Alankit House
1E/13, Jhandewalan Extension,
New Delhi – 110 055
Tel No. (011) 4254 1234
Fax No. (011) 4254 1967
Email: rta@alankit.com

x. Share Transfer System

Shares lodged for transfer at the Registrar's address and same are normally processed and approved by Company Secretary of the Company and the details of the same are noted in the Stakeholders Relationship Committee.

xi. Shareholding as on March 31, 2018

a) Distribution of equity shareholding as on March 31, 2018:

| Number of Shares | Holding | Percentage to Capital | Number of Accounts | Percentage to Total Accounts |
|------------------|-----------------|-----------------------|--------------------|------------------------------|
| 1 to 100 | 263613 | 1.28 | 8766 | 74.35 |
| 101 to 500 | 533650 | 2.58 | 2192 | 18.59 |
| 501 to 1000 | 296505 | 1.43 | 405 | 3.44 |
| 1001 to 5000 | 643219 | 3.11 | 310 | 2.63 |
| 5001 to 10000 | 318617 | 1.54 | 43 | 0.37 |
| 10001 to 20000 | 442011 | 2.14 | 29 | 0.25 |
| 20001 to 30000 | 152287 | 0.74 | 6 | 0.05 |
| 30001 to 40000 | 280011 | 1.35 | 8 | 0.07 |
| 40001 to 50000 | 226184 | 1.09 | 5 | 0.04 |
| 50001 to 100000 | 536299 | 2.59 | 8 | 0.07 |
| 100001 to 500000 | 1502731 | 7.27 | 9 | 0.07 |
| 500001 to Above | 15472669 | 74.86 | 9 | 0.07 |
| Total | 20667796 | 100.00 | 11790 | 100.00 |

b) Categories of equity shareholders as on March 31, 2018

| Category | No. of shares held | % of Shareholding |
|--|--------------------|-------------------|
| Promoter and Promoter Group (A) | 14209050 | 68.75 |
| Public Shareholding | | |
| Mutual Funds | 1248346 | 6.04 |
| Alternate Investment Funds | 38950 | 0.19 |
| Banks / Financial Institutions | 1014589 | 4.91 |
| Foreign Portfolio Investor (Corporate) | 578168 | 2.80 |
| Individuals | 1873615 | 9.07 |

| Category | No. of shares held | % of Shareholding |
|--------------------------------------|--------------------|-------------------|
| NBFC's | 40456 | 0.20 |
| Any Other | | 0.00 |
| - Body Corporate | 1367029 | 6.61 |
| - Trust | 44992 | 0.22 |
| - NRI | 79373 | 0.38 |
| - Resident HUF | 160608 | 0.78 |
| - Clearing Member | 12620 | 0.06 |
| Total Public Shareholding (B) | 6458746 | 31.25 |
| Total Shareholding (A+B) | 20667796 | 100.00 |

xii. Dematerialization of Shares and Liquidity

The shares of the Company fall under the category of compulsory delivery in dematerialized form by all categories of investors. The Company has signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depository Services Limited.

As on March 31, 2018, the number of shares held in dematerialized and physical mode is as under:

| Category | No. of shares held | % of Shareholding |
|-------------------------------------|--------------------|-------------------|
| Held in Dematerialized form in NSDL | 6142125 | 29.71 |
| Held in Dematerialized form in CDSL | 14525330 | 70.28 |
| Physical | 341 | 0.01 |
| Total | 20667796 | 100.00 |

xiii. Reconciliation of Share Capital Audit

M/s M.D. & Associates, Company Secretaries, carries out the Reconciliation of Share Capital Audit as mandated

by SEBI and report on the reconciliation of total issued and listed capital with that of total share capital admitted/ held in dematerialized form with NSDL and CDSL and those held in physical form. This audit is carried out on quarterly basis and the report thereof is submitted to the Stock Exchanges, where the Company's shares are listed.

xiv. Outstanding GDRs / Warrants and Convertible Bonds, Conversion Date and likely impact on Equity

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

xv. Plant Locations

Presently, your Company having 6 (Six) manufacturing units / Plants located at the following places:

1. E-442, RIICO Industrial Area, Chopanki, (Bhiwadi) - 301 707 (Rajasthan)
2. E-443-444, RIICO Industrial Area Chopanki, (Bhiwadi) - 301 707 (Rajasthan)
3. E-439-440, RIICO Industrial Area, Chopanki, (Bhiwadi) - 301 707 (Rajasthan)
4. SIDCO Industrial Growth Centre, Samba - 184 121 (J&K)
5. II D Centre, BattalBallian, Udhampur - 182 101 (J&K)
6. CH-21, GIDC Industrial Estate, Dahej, Dist. Bharuch - 392 130 (Gujarat)

xvi. Address for Correspondence

Investors and Shareholders can correspond with the Registered & Corporate Office of the Company at the following address:

The Company Secretary & Compliance Officer
Insecticides (India) Limited
401-402, Lusa Tower,
Azadpur Commercial Complex, Delhi – 110 033
Tel No. (011) 2767 1990 – 04
Fax No. (011) 2767 1990 – 04
Email – investor@insecticidesindia.com

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I, Rajesh Aggarwal, Managing Director of Insecticides (India) Limited hereby declares that all the Board Members and Senior Managerial Personnel have affirmed for the year ended on March 31, 2018 compliance with the Code of Conduct of the Company laid down for them.

Place: Delhi
Date: May 28, 2018

(Rajesh Aggarwal)
Managing Director
DIN: 00576872

MD / CFO Certificate

The Board of Directors
Insecticides (India) Limited, Delhi

Dear Members of the Board,

We, Rajesh Aggarwal, Managing Director and Sandeep Aggarwal, Chief Financial Officer of Insecticides (India) Limited to the best of our knowledge and belief, certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement of Insecticides (India) Limited for the year ended March 31, 2018 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit committee:
 - a) significant changes in internal control over financial reporting during the year;
 - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) that there are no instance of significant fraud of which we have become aware.

Place : Delhi
Date : May 28, 2018

Rajesh Aggarwal
Managing Director

Sandeep Aggarwal
Chief Financial Officer

Independent Auditors' Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To The Members of
Insecticides (India) Limited
 401-402, Lusa Tower,
 Azadpur Commercial Complex,
 Delhi - 110033

1. The Corporate Governance Report prepared by Insecticides (India) Limited ("the Company"), contains details as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This certificate is required by the Company for annual submission to the Stock exchange and to be sent to the shareholders of the Company.

Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

3. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2018.
5. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) I, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on Use

9. The certificate is addressed to and provided to the Members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Devesh Parekh & Co.
 Firm Regn. No.013338N
 Chartered Accountants

Devesh Parekh
 Proprietor
 M. No. – 092160

Place : Delhi
 Date : May 28, 2018

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March 2018

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

**To,
The Members,
Insecticides (India) Limited
401-402, Lusa Tower,
Azadpur Commercial Complex, Delhi 110 033**

I have conducted the secretarial audit of the financial year ending on March 31st 2018 for the compliance of applicable statutory provisions and the adherence to good corporate practices by Insecticides (India) Limited (hereinafter called as the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ending on March 31st 2018, 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:
 - a) Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 -No foreign direct investment had been received by the Company during the financial year 2017-18;
 - b) Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 : The Company had not invested any funds outside India in Joint Venture or subsidiary during the financial year 2017-18;
 - c) Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000: The Company had not received any external commercial borrowings from outside India during the financial year 2017-18;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 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;-The Company has not issued any capital during the financial year 2017-18, hence the mentioned regulation is not applicable to the Company;
- d) The Securities and Exchange Board of India (Share Based Employees Benefits Regulations 2014); - The Company has not come with any ESOP or ESPS or share based employee benefits during the financial year ended on March 31, 2018, hence the mentioned regulations are not applicable to the Company;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; as the Company had not issued or listed debt securities during the financial year ending March 31, 2018, thus the said regulations are not applicable to Company;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; as during the financial year ended March 31, 2018; the Company has not delisted any equity share, thus the mentioned regulations does not applicable to the Company; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; as the Company has not bought back any securities during the financial year ended on March 31, 2018, hence the said regulations are not applicable to Company;

Further, as informed to us by management of the Company there are some industry specific laws, as mentioned below, which is being compiled by the Company as industry specific laws under the head "other laws as specifically applicable to company" are as follows:

- a) The Insecticides Act, 1968 & the Insecticides Rules, 1971 read with the Insecticide (Amendment) Rules, 2015
- b) The Insecticides (Price, Stock, Display and Submission of Reports) Orders, 1968
- c) The Fertilizers (Control) Order 1985

The management of the Company has represented and confirmed that the Company has generally complied with applicable provisions of industry specific laws as mentioned above and based upon such representation and our random test checks, I also state that Company has generally complied with applicable provisions of industry specific laws as mentioned above during the financial year 2017-18.

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

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreements as entered into by the Company with the BSE Limited, National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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

I further report that:

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

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

Majority decision is carried through and views are captured and recorded as part of the minutes while no member of board has dissented to any proposed resolutions in board meetings.

Further, I also relied upon the reports given by auditors/consultants of the Company and the compliance certificates provided by the internal management of the Company for compliances of various applicable laws on the Company.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that: during the audit period, there were no specific event/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc having a major bearing on the Company's affairs.

M/s Akash Gupta & Associates
Practising Company Secretary
Membership No. 30099
Certificate of Practice No. 11038
Date: 20.05.2018
Place: Delhi

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,
Insecticides (India) Limited
401-402, Lusa Tower,
Azadpur Commercial Complex, Delhi 110033

Our report for the financial year ending 31.03.2018 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 opinion on the 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. Where ever 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.

M/s Akash Gupta & Associates
Practising Company Secretary
Membership No. 30099
Certificate of Practice No. 11038
Date: 20.05.2018
Place: Delhi

INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENT

To the Members of Insecticides (India) Limited Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **Insecticides (India) Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2018, the statement of Profit and Loss (including other comprehensive income), Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

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 including other comprehensive income, cash flows and the Statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the 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 mis-statement, 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, 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 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 Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates 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 financial position of the Company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the Statement of changes in equity for the year ended on that date.

Other Matter

The comparative financial information for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 prepared in accordance with Ind AS included in these standalone financial statements, are based on the previously issued statutory financial statements for the year ended 31st March, 2017 and 31st March, 2016 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 27th May, 2017 and 30th May, 2016 respectively expressed unmodified opinion on those standalone financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of profit and loss including Other Comprehensive Income, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of accounts;
 - (d) in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) on the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of section 164(2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report; and

- (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 38 to the standalone Ind AS Financial Statements.
 - ii. the Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Devesh Parekh & Co.**
Chartered Accountants
Firm's Reg. No. 013338N

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm's Reg. No. 000756N

Devesh Parekh
Proprietor
Membership No: 092160

Harish Gupta
Partner
Membership No: 098336

Place : Delhi

Date : May 28th, 2018

“Annexure A” to the Independent Auditor’s Report

The Annexure as referred in paragraph (1) ‘Report on Other Legal and Regulatory Requirements’ of our Independent Auditors’ Report to the members of **Insecticides (India) Limited** on the Standalone Ind AS Financial Statements for the year ended March 31, 2018, we report that:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.
 - (b) The property, plant & equipment have been physically verified by the management according to the programme of periodical verification in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Property, Plant & Equipment. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. We have been explained by the management that the inventory (except stock in transit, for which material has been received) has been physically verified at reasonable intervals and the procedures of physical verification of inventory followed by the management are reasonable in relation to the size of the company and nature of its business. According to information and explanations given to us, the material discrepancies, if any, noticed on such physical verification of inventory as compared to book records were properly dealt within the books of accounts.
 - 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. Accordingly, the provisions of paragraph iii (a) to (c) of the Order are not applicable to the Company.
 - iv. The Company has not given any loans, investments, guarantees, and security under the provisions of Section 185 and 186 of the Act. Accordingly, the provisions of paragraph (iv) of the Order is not applicable to the Company.
 - v. The Company has not accepted any deposits from public. Accordingly, the provisions of paragraph (v) of the Order is not applicable to the Company.
 - vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by Central Government for the maintenance of the cost records under Section 148(1) of the Act in respect to the Company’s products to which said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
 - vii. (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, sales-tax, income tax, service tax, goods and service tax, custom duty, excise duty, value added tax, entry tax, cess and any other material statutory dues with the appropriate authorities and further there were no undisputed statutory dues payable for a period of more than six months from the date they become payable as at March 31, 2018.
 - (b) According to the records and information and explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise, duty of custom, stamp duty and value added tax that have not been deposited on account of any dispute except as given below:

(₹ In Lacs)

| S.No | Name of the Statute | Nature of the dues | Period to which it relates | Forum where Dispute Is Pending | Gross Liability (A) | Amount Deposited under protest (B) | Net Amount (A - B) |
|------|-----------------------------------|--------------------|----------------------------|--|---------------------|------------------------------------|--------------------|
| 1 | Gujarat Stamp Act, 1958 | Stamp Duty | 2013-14 | Commissioner of Revenue Department, Tehsil Vagra, District Bharuch | 89.60 | 19.60 | 70.00 |
| 2 | Gujarat Value Added Tax Act, 2003 | VAT & CST | 2011-12 & 2012-13 | Joint Commissioner of commercial Tax, Baroda | 268.27 | 85.28 | 182.99 |
| 3 | Andhra Pradesh VAT Act, 2005 | VAT | June 2014 to July 2015 | Appellate Tribunal, Visakhapatnam | 122.08 | 61.04 | 61.04 |
| 4 | MP VAT Act, 2002 | Central Sales Tax | 2012-13 | Assistant Commissioner, VAT, Indore | 1.52 | 0.15 | 1.37 |
| 5 | West Bengal VAT Act, 2003 | Penalty | 2010-11 | Appellate Authority, VAT, West Bengal | 5.70 | 5.70 | Nil |
| 6 | Central Excise Act, 1944 | Excise Duty | 2015-16 | Central Excise & Service Tax Audit Commissionerate, Jaipur | 352.10 | 13.20 | 338.89 |

viii. In our opinion and according to the information and explanations provided by the management, the Company has not defaulted in repayment of loans or borrowing to any bank.

As per information and explanations given to us, the Company had not taken any loan or borrowings from government and financial institutions. Further, the Company had not issued any debenture.

- ix. According to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. The term loans have been applied for the purpose for which they were raised.
- x. Based upon the audit procedures performed for the purpose of reporting true and fair view of the Financial Statements and according to the information and explanations provided by the management, no instance of fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations provided by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Standalone Ind AS Financial Statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment of shares or private placement of shares or fully / partly convertible debentures during the year in terms of provisions of Sections 42 of the Act and hence, reporting under paragraph 3(xiv) of the Order is not applicable to the Company and, not commented upon.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph (xv) of the Order is not applicable.
- xvi. According to the information and explanation provided to us, the provision of section 45-IA of the Reserve Bank of India Act, 2013 are not applicable to the Company.

For **Devesh Parekh & Co.**
 Chartered Accountants
 Firm's Reg. No. 013338N

Devesh Parekh
 Proprietor
 Membership No: 092160

Place : Delhi
 Date : May 28th, 2018

For **S. S. Kothari Mehta & Co.**
 Chartered Accountants
 Firm's Reg. No. 000756N

Harish Gupta
 Partner
 Membership No: 098336

“Annexure B” to the Independent Auditor’s Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”) as referred to in paragraph 2(f) of ‘Report on Other Legal and Regulatory Requirements of our Independent Auditors’ Report to the members of Insecticides (India) Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2018:

We have audited the internal financial controls over financial reporting of **Insecticides (India) Limited** (“the Company”) as of March 31, 2018 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 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 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 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 applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections

of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 **Devesh Parekh & Co.**
Chartered Accountants
Firm's Reg. No. 013338N

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm's Reg. No. 000756N

Devesh Parekh
Proprietor
Membership No: 092160

Harish Gupta
Partner
Membership No: 098336

Place : Delhi
Date : May 28th, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

| Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|----------|----------------------|----------------------|---------------------|
| ASSETS | | | | |
| 1 NON-CURRENT ASSETS | | | | |
| (a) Property, plant and equipment | 3 | 22,837.65 | 18,137.13 | 19,110.01 |
| (b) Capital work-in-progress | 3 | 1,268.32 | 5,694.57 | 5,071.31 |
| (c) Intangible assets | 4 | 319.32 | 322.10 | 259.61 |
| (d) Intangible assets under development | 4 | 413.91 | 123.50 | 51.26 |
| (e) Investment in joint venture | 5 | 795.00 | 795.00 | 795.00 |
| (f) Financial assets | | | | |
| (i) Investments | 6(a) | 831.09 | 310.29 | 306.48 |
| (ii) Other financial assets | 6(b) | 188.60 | 194.70 | 263.58 |
| (g) Other non-current assets | 7 | 1,087.27 | 512.32 | 560.79 |
| (h) Non-current tax assets (net) | 8 | 315.50 | 234.79 | 196.44 |
| TOTAL NON-CURRENT ASSETS | | 28,056.66 | 26,324.40 | 26,614.48 |
| 2 CURRENT ASSETS | | | | |
| (a) Inventories | 9 | 40,728.95 | 42,577.66 | 35,060.38 |
| (b) Financial Assets | | | | |
| (i) Trade receivables | 10(a) | 23,481.20 | 21,161.46 | 20,525.74 |
| (ii) Cash and cash equivalents | 10(b) | 1,956.32 | 684.86 | 711.53 |
| (iii) Bank balances other than (ii) above | 10(c) | 54.67 | 237.17 | 236.67 |
| (iv) Loans | 10(d) | 5.96 | 0.66 | 1.28 |
| (v) Other financial assets | 10(e) | 327.95 | 455.41 | 674.69 |
| (c) Other current assets | 11 | 5,394.23 | 6,399.45 | 5,723.94 |
| TOTAL CURRENT ASSETS | | 71,949.28 | 71,516.67 | 62,934.23 |
| TOTAL ASSETS | | 100,005.94 | 97,841.07 | 89,548.71 |
| EQUITY | | | | |
| (a) Equity Share capital | 12 | 2,066.78 | 2,066.78 | 2,066.78 |
| (b) Other Equity | 13 | 52,692.24 | 44,388.92 | 38,460.06 |
| TOTAL EQUITY | | 54,759.02 | 46,455.70 | 40,526.84 |
| 1 LIABILITIES | | | | |
| NON-CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 14(a) | 828.41 | 1,541.76 | 2,904.99 |
| (b) Provisions | 15 | 56.50 | 50.73 | 56.03 |
| (c) Deferred tax liabilities (net) | 16 | 1,884.36 | 892.64 | 308.01 |
| TOTAL NON-CURRENT LIABILITIES | | 2,769.27 | 2,485.13 | 3,269.03 |
| 2 CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 17(a) | 9,676.25 | 20,595.54 | 15,136.93 |
| (ii) Trade Payables | 17(b) | 24,335.65 | 19,868.41 | 21,171.54 |
| (iii) Other financial liabilities | 17(c) | 2,449.71 | 3,195.41 | 4,283.11 |
| (b) Provisions | 18 | 29.27 | 85.49 | 84.00 |
| (c) Other current liabilities | 19 | 5,986.77 | 5,155.39 | 5,077.26 |
| TOTAL CURRENT LIABILITIES | | 42,477.65 | 48,900.24 | 45,752.84 |
| TOTAL EQUITY AND LIABILITIES | | 100,005.94 | 97,841.07 | 89,548.71 |

The accompanying notes are an integral part of the financial statements.

Summary of Significant Accounting Policies

Notes to Financial Statements

1 to 2

3 to 44

As per our separate report of even date annexed herewith

FOR AND ON BEHALF OF THE BOARD

For Devesh Parekh & Co.
Chartered Accountants

For S. S. Kothari Mehta & Co.
Chartered Accountants

Hari Chand Aggarwal
Chairman
DIN: 00577015

Rajesh Aggarwal
Managing Director
DIN: 00576872

Devesh Parekh
Proprietor
Membership No.- 092160
Firm Registration No. - 013338N

Harish Gupta
Partner
Membership No.- 098336
Firm Registration No. - 000756N

Nikunj Aggarwal
Whole Time Director
DIN: 06569091

Place : Delhi
Date : May 28, 2018

Sandeep Aggarwal
Chief Financial Officer

Sandeep Kumar
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

| Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|----------|---------------------------|---------------------------|
| INCOME | | | |
| Revenue from operations | 20 | 110,639.42 | 107,626.90 |
| Other Income | 21 | 324.11 | 682.74 |
| TOTAL INCOME | | 110,963.53 | 108,309.64 |
| EXPENSES | | | |
| Cost of raw material and components consumed | 22 | 65,140.36 | 62,890.63 |
| Purchase of Traded Goods | | 7,080.21 | 14,286.19 |
| Changes in inventories of finished goods, work-in-progress and traded goods | 23 | 4,121.97 | (2,950.75) |
| Excise Duty | | 3,314.30 | 8,205.90 |
| Employee benefits expense | 24 | 5,062.14 | 4,550.91 |
| Finance Costs | 25 | 1,591.76 | 2,023.29 |
| Depreciation and amortization expense | 26 | 1,704.59 | 1,600.21 |
| Other expenses | 27 | 11,138.48 | 9,506.63 |
| TOTAL EXPENSES | | 99,153.81 | 100,113.01 |
| PROFIT BEFORE TAX | | 11,809.72 | 8,196.63 |
| Tax Expenses | 29 | | |
| - Current Tax | | 3,560.30 | 2,072.98 |
| - Deferred Tax | | (147.94) | 183.75 |
| TOTAL TAX EXPENSES | | 3,412.36 | 2,256.73 |
| PROFIT FOR THE PERIOD | | 8,397.36 | 5,939.90 |
| Other comprehensive income | 30 | | |
| Items that will not be reclassified to profit or loss | | | |
| Changes in fair value of FVTOCI equity instruments | | 520.79 | 3.81 |
| Remeasurement of net defined benefit plans | | 6.11 | (21.37) |
| Income tax relating to these items | | (123.43) | 6.52 |
| Other comprehensive income for the period (net of tax) | | 403.47 | (11.04) |
| Total comprehensive income for the period (net of tax) | | 8,800.83 | 5,928.86 |
| Earnings per equity share | 40 | | |
| Basic earnings per share (INR) | | 40.63 | 28.74 |
| Diluted earnings per share (INR) | | 40.63 | 28.74 |

The accompanying notes are an integral part of the financial statements.

Summary of Significant Accounting Policies

Notes to Financial Statements

1 to 2

3 to 44

As per our separate report of even date annexed herewith

For Devesh Parekh & Co.
Chartered Accountants

For S. S. Kothari Mehta & Co.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Hari Chand Aggarwal
Chairman
DIN: 00577015

Rajesh Aggarwal
Managing Director
DIN: 00576872

Devesh Parekh
Proprietor
Membership No.- 092160
Firm Registration No. - 013338N

Harish Gupta
Partner
Membership No.- 098336
Firm Registration No. - 000756N

Nikunj Aggarwal
Whole Time Director
DIN: 06569091

Place : Delhi
Date : May 28, 2018

Sandeep Aggarwal
Chief Financial Officer

Sandeep Kumar
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

(A) Equity share capital (Refer note 12)

| Particulars | Amount |
|---------------------------------|-----------------|
| As at April 1, 2016 | 2,066.78 |
| Changes in equity share capital | - |
| As at March 31, 2017 | 2,066.78 |
| Changes in equity share capital | - |
| As at March 31, 2018 | 2,066.78 |

(B) Other equity (Refer note 13)

| Particulars | Reserves and surplus | | | Other reserves |
|--|----------------------|----------------------------|-----------------|-------------------------------------|
| | Retained earnings | Securities premium reserve | General reserve | FVTOCI reserve - equity instruments |
| Balance at April 1, 2016 | 24,853.79 | 10,410.18 | 3,201.52 | (5.43) |
| Profit for the year | 5,939.90 | - | - | - |
| Other comprehensive income | (13.97) | - | - | 2.93 |
| Total comprehensive income for the period | 5,925.93 | - | - | 2.93 |
| Balance at March 31, 2017 | 30,779.72 | 10,410.18 | 3,201.52 | (2.50) |
| Profit for the year | 8,397.36 | - | - | - |
| Other comprehensive income | 4.00 | - | - | 399.47 |
| Total comprehensive income for the period | 8,401.36 | - | - | 399.47 |
| Dividend paid during the year | (413.35) | | | |
| Tax on Dividend paid | (84.16) | | | |
| Balance at March 31, 2018 | 38,683.57 | 10,410.18 | 3,201.52 | 396.97 |

The accompanying notes are an integral part of the financial statements.

Summary of Significant Accounting Policies

Notes to Financial Statements

1 to 2

3 to 44

As per our separate report of even date annexed herewith

FOR AND ON BEHALF OF THE BOARD
For Devesh Parekh & Co.
 Chartered Accountants

For S. S. Kothari Mehta & Co.
 Chartered Accountants

Hari Chand Aggarwal
 Chairman
 DIN: 00577015

Rajesh Aggarwal
 Managing Director
 DIN: 00576872

Devesh Parekh
 Proprietor
 Membership No.- 092160
 Firm Registration No. - 013338N

Harish Gupta
 Partner
 Membership No.- 098336
 Firm Registration No. - 000756N

Nikunj Aggarwal
 Whole Time Director
 DIN: 06569091

 Place : Delhi
 Date : May 28, 2018

Sandeep Aggarwal
 Chief Financial Officer

Sandeep Kumar
 Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| (A) Cash Flow From Operating Activities | | |
| Net profit before tax | 11,809.72 | 8,196.63 |
| Adjustment on account of | | |
| - Depreciation | 1,704.59 | 1,600.21 |
| - (Profit)/ Loss on Sale of Assets | 23.06 | 40.93 |
| - Miscellaneous Expenses | 6.34 | 6.34 |
| - Interest Income | (32.66) | (21.62) |
| - Dividend Income | (8.03) | (6.35) |
| - Interest Expenses | 1,591.76 | 2,023.29 |
| - Provision for impairment of trade receivables | 101.22 | 64.26 |
| - Derivative (gain) / loss | (212.60) | 215.44 |
| - Unrealised exchange differences | (25.01) | (122.61) |
| Operating Profit Before Working Capital Changes | 14,958.39 | 11,996.52 |
| Adjustments for | | |
| - (Increase)/Decrease in security deposits | (3.40) | 15.36 |
| - (Increase)/Decrease in inventories | 1,848.71 | (7,517.28) |
| - (Increase)/Decrease in trade receivables | (2,420.96) | (699.98) |
| - (Increase)/Decrease in loans | (5.30) | 0.62 |
| - (Increase)/Decrease in other financial assets | 96.23 | 117.35 |
| - (Increase)/Decrease in other current assets | 1,005.22 | (675.51) |
| - (Increase)/Decrease in provisions | (44.34) | (25.18) |
| - Increase/(Decrease) in trade payables | 4,467.24 | (1,303.13) |
| - Increase/(Decrease) in other financial liabilities | 45.86 | 118.06 |
| - Increase/(Decrease) in other current liabilities | 831.38 | 78.13 |
| Cash generated from operations | 20,779.03 | 2,104.96 |
| Less: Income tax paid | (2,624.78) | (1,703.93) |
| Net Cash Flow from Operating Activities (A) | 18,154.25 | 401.03 |
| (B) Cash Flow From Investing Activities | | |
| - Addition to property, plant and equipment and intangible assets | (2,817.76) | (1,439.67) |
| - Proceeds from sale of property plant and equipment | 16.18 | 50.06 |
| - Interest received | 32.66 | 21.62 |
| - Proceeds from / (investment in) bank deposits | 180.02 | (2.45) |
| - Dividends received | 6.61 | 6.42 |
| Net Cash Flow used in Investing Activities (B) | (2,582.29) | (1,364.02) |
| (C) Cash Flow From Financing Activities | | |
| - Repayment of long term borrowings | (1,256.18) | (2,417.12) |
| - Proceeds/(Repayment) from/of short term borrowings | (10,947.94) | 5,426.46 |
| - Interest paid | (1,598.87) | (2,073.02) |
| - Dividend paid | (497.51) | - |
| Net Cash Flow (used in) / from Financing Activities (C) | (14,300.50) | 936.32 |
| Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C) | 1,271.46 | (26.67) |
| Cash and Cash Equivalents at the beginning of the year | 684.86 | 711.53 |
| Cash and Cash Equivalents at the end of the year | 1,956.32 | 684.86 |

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|-------------------------|-------------------------|
| Balances with banks | | |
| On current accounts | 1,948.17 | 677.38 |
| Cash on hand | 8.15 | 7.48 |
| Total cash and cash equivalents | 1,956.32 | 684.86 |

Amendments to Ind AS 7 Statement of cash flows

The amendments require company to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendments are effective for annual periods beginning on or after April 1, 2017. Therefore, the Company has not provided comparative information of preceding period.

Non cash change

| Particulars | As at April 1, 2017 | Cash flows | Unrealised exchange difference | As at March 31, 2018 |
|---|------------------------|--------------------|-----------------------------------|-------------------------|
| Long term borrowings (including current maturities) | 3,068.26 | (1,256.18) | (52.63) | 1,759.45 |
| Short term borrowings | 20,595.54 | (10,947.94) | 28.65 | 9,676.25 |
| | 23,663.80 | (12,204.12) | (23.98) | 11,435.70 |

The accompanying notes are an integral part of the financial statements.

Summary of Significant Accounting Policies

1 to 2

Notes to Financial Statements

3 to 44

As per our separate report of even date annexed herewith

FOR AND ON BEHALF OF THE BOARD

For Devesh Parekh & Co.
Chartered Accountants

For S. S. Kothari Mehta & Co.
Chartered Accountants

Hari Chand Aggarwal
Chairman
DIN: 00577015

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Managing Director
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Devesh Parekh
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Membership No.- 092160
Firm Registration No. - 013338N

Harish Gupta
Partner
Membership No.- 098336
Firm Registration No. - 000756N

Nikunj Aggarwal
Whole Time Director
DIN: 06569091

Place : Delhi
Date : May 28, 2018

Sandeep Aggarwal
Chief Financial Officer

Sandeep Kumar
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate Information

Insecticides (India) Limited ("The Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act. The shares of the Company are listed in India on the Bombay Stock Exchange Limited and National Stock Exchange. The registered office of the Company is located at 401-402, Lusa Tower, Azadpur Commercial Complex, Delhi, 110033. The Company is engaged in the manufacturing activities of Agro Chemicals, Pesticides and Technical Products for agriculture purposes. The Company caters to both domestic and international markets.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 28, 2018.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules, 2016.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 are the first financial statements of the Company prepared in accordance with Ind AS. Refer to note 44 for information on how the Company 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 or revalued amount

- (a) Derivative financial instruments
- (b) Plan assets of defined employee benefit plans
- (c) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency and all values are rounded to the nearest lacs, except when otherwise indicated

2.2. Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) 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:

- a) It is expected to be settled in normal operating cycle.
- b) It is held primarily for the purpose of trading.
- c) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities

(b) 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.

Revenue is stated inclusive of excise duty and excludes sales tax/ value added tax (VAT) / Goods and Service Tax (GST).

The specific recognition criteria described below must also be met before revenue is recognised.

Sales 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, usually on delivery of the goods. 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, volume rebates and cash discounts.

Rendering of services

Income from services are recognized as and when the services are rendered.

Interest income

For all financial instruments measured either at amortised cost or fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross

carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the Statement of Profit and Loss.

Export Incentives

Export incentives are recognized in the Statement of Profit and Loss when the right to receive incentives is established in respect of exports made and when there is no significant uncertainty regarding the collection of the relevant export proceeds.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(c) Property, plant and equipment

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

Items of property, plant and equipment and capital work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. 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. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. 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. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred. In respect of additions to /deletions from the property, plant and equipment, depreciation is provided on pro-rata basis with reference to the month of addition/ deletion of the assets.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of 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. Depreciation on remaining items of property, plant & equipment has been provided on Straight Line Method based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

Estimated useful lives of the assets are as follows:

| Nature of Tangible Assets | Useful Life (years) |
|----------------------------------|--|
| Plant & Equipments | 10 – 15 |
| Building | 30 |
| Laboratory Equipments | 10 |
| Office Equipments | 5 |
| Furniture, Fixtures & Equipments | 10 |
| Vehicles | 8-10 |
| Leasehold improvements | Over the period of lease or useful life whichever is lower |

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Leasehold Land:

Leasehold land is amortised on straight line basis over the period of lease. No depreciation is provided for leasehold land when the leases are renewable at the option of the Company for a further period of 99 years at the end of the lease period of 99 years, without / with marginal payment of further premium.

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.

(d) Intangible assets

The Company has measured intangible assets at carrying value as recognised in the financial statements as on transition date i.e. April 1, 2016 which has become its deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with finite life are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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 unless such expenditure forms part of carrying value of another asset.

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 and Loss when the asset is derecognised.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate technical and commercial feasibility of making the asset available for use or sale.

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 unless such expenditure forms part of carrying value of another asset.

A summary of the policies applied to the Company's intangible assets is as follows:-

| Intangible assets | Useful Life (years) | Amortisation method used |
|---------------------------------|---------------------|----------------------------------|
| Computer Software | 8 | Amortised on straight-line basis |
| Websites | 2 | Amortised on straight-line basis |
| Patents, trademarks and designs | 10 | Amortised on straight-line basis |

(e) 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.

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.

(f) Foreign currencies

Transactions and Balances

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year, are translated at the closing rates prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the Statement of Profit and Loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

Foreign exchange difference on foreign currency borrowings, settlement gain/loss and fair value gain/loss on derivative contract relating to borrowings are accounted and disclosed under finance cost. Such exchange difference does not include foreign exchange difference regarded as an adjustment to the borrowings cost and capitalised with cost of assets.

(g) Fair value measurement

The Company measures financial instruments, such as, derivatives and equity investments 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:

- a) In the principal market for the asset or liability, or
- b) 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:

- a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- c) 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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (note 33)
- Financial instruments (including those carried at amortised cost) (note 6, 10, 14 and 17)

(h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date 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 reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.2(e)). Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(i) Inventories

The items of inventories are measured at cost after providing for obsolescence, if any. Cost of inventories comprise of cost of purchase, cost of conversion and appropriate portion of variable and fixed proportion overheads and such other costs incurred in bringing them to their respective present location and condition including excise duty wherever applicable. Fixed production overheads are based on normal capacity of production facilities.

Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-finished products, finished products and by-products are valued at lower of cost or net realisable value. Cost of finished goods includes excise duty, as applicable.

Traded goods are valued at lower of cost and net realizable value.

Cost of raw material, process chemicals, stores and spares packing materials, trading and other products are determined on weighted average basis.

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.

(j) 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 cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(k) Provisions and contingent liabilities

Provisions are recognised 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. 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 recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

(l) Retirement and other employee benefits

Provident Fund and Employee State Insurance is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the Statement of Profit and Loss in the year when employee rendered related services.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The Company has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is unfunded.

Re-measurement, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the 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 in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

(m) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Debt instruments at amortised cost
- b) Debt instruments at fair value through other comprehensive income (FVTOCI)
- c) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade receivables, security deposits & other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes 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 Company's consolidated balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) 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' arrangements 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 recognise 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.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade and other receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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-month 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 entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- a) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- b) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- c) Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables 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. On that basis, the Company estimates the following provision matrix at the reporting date:

| Not due | 0-90 days | 90-180 days | 180-360 days | 360-720days | More than 720 days |
|---------|-----------|-------------|--------------|-------------|--------------------|
| 0.10% | 0.20% | 0.50% | 5.00% | 50.00% | 100.00% |

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

(n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised 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 cash credits and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation 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 amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings. For more information refer note 14 and 17

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.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Derecognition

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

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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(o) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as interest rate swaps, currency swaps, options and forward contracts to hedge its interest rate and foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured 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.

(p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(q) Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(r) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions 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 liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b) In respect of taxable temporary differences associated with interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (in other comprehensive income). Deferred tax items are recognised in correlation to the underlying transaction either in Statement of Profit and Loss or in OCI.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(s) 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 assets.

Export Benefits

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation has been accounted by making suitable adjustments in raw material consumption.

(t) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders after deducting preference dividend and attributable taxes by the weighted average number of equity shares outstanding during the period.

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

(u) Segment reporting

Based on “Management Approach” as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company’s performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices. The Company has identified the Managing Director as the CODM who assesses the financial performance and makes strategic decisions. Refer note 36 for segment information presented.

(v) Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 and has amended the following standards:

Ind AS 115 Revenue from contracts with customers

Ind AS 115 was issued on March 29, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018.

The Company is currently evaluating the requirements of the new standard and the effect on the financial statements is being evaluated.

Amendments to Ind AS 12 Recognition of deferred tax assets for unrealised losses

The amendments clarify that the Company needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how the Company should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Company is required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. The Company applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the Company must determine the transaction date for each payment or receipt of advance consideration.

The Company may apply the Appendix requirements on a fully retrospective basis. Alternatively, the Company may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the Company first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the Company first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Transfers of investment property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after April 1, 2018. However, this standard is not applicable on the Company.

Ind AS 28 Investments in associates and joint ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- The Company that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If the Company, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate’s or joint venture’s interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from April 1, 2018. However, this amendment is not applicable to the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS PROPERTY, PLANT AND EQUIPMENT

| Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT | |
|-----------------------------|------------------------------|-----------------|-------------------|------------------------------|------------------------------|---------------------------|------------------------|------------------------------|----------------------|----------------------|
| | Balance as at April 01, 2017 | Addition | Sale / Adjustment | Balance as at March 31, 2018 | Balance as at April 01, 2017 | Depreciation for the year | | Balance as at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| | | | | | | Depreciation | Disposal / adjustments | | | |
| Freehold land | 84.54 | - | - | 84.54 | - | - | - | - | 84.54 | 84.54 |
| Finance lease assets - Land | 2,001.72 | - | - | 2,001.72 | 4.54 | 4.59 | - | 9.13 | 1,992.59 | 1,997.18 |
| Buildings | 5,798.20 | 1,534.91 | - | 7,333.11 | 202.01 | 218.15 | - | 420.16 | 6,912.95 | 5,596.19 |
| Plant and machinery | 9,067.58 | 4,500.78 | 4.50 | 13,563.86 | 968.88 | 1,019.41 | 1.80 | 1,986.49 | 11,577.37 | 8,098.70 |
| Roads | 1,330.39 | - | - | 1,330.39 | 153.71 | 153.72 | - | 307.43 | 1,022.96 | 1,176.68 |
| Office equipments | 81.38 | 6.05 | 0.01 | 87.42 | 16.38 | 17.77 | - | 34.15 | 53.27 | 65.00 |
| Furniture & fixtures | 176.64 | 8.70 | - | 185.34 | 21.11 | 20.87 | - | 41.98 | 143.36 | 155.53 |
| Electrical fittings | 296.75 | - | - | 296.75 | 42.07 | 43.32 | - | 85.39 | 211.36 | 254.68 |
| Computers | 103.79 | 8.72 | 0.10 | 112.41 | 33.39 | 29.70 | 0.05 | 63.04 | 49.37 | 70.40 |
| Vehicles | 738.14 | 314.25 | 42.74 | 1,009.65 | 99.91 | 132.45 | 12.59 | 219.77 | 789.88 | 638.23 |
| Total | 19,679.13 | 6,373.41 | 47.35 | 26,005.19 | 1,542.00 | 1,639.98 | 14.44 | 3,167.54 | 22,837.65 | 18,137.13 |

Capital Work In Progress

| Cost | Amount |
|-----------------------------|-----------------|
| As at April 1, 2016 | 5,071.31 |
| Additions | 672.67 |
| Capitalised during the year | (49.41) |
| As at March 31, 2017 | 5,694.57 |
| As at April 1, 2017 | 5,694.57 |
| Additions | 1,402.72 |
| Capitalised during the year | (5,828.97) |
| As at March 31, 2018 | 1,268.32 |

- a) **Capitalised borrowing costs** - All borrowing cost has been capitalised during the year. No amount has been transferred to Capital Work in Progress on account of borrowing cost during the year ended March 31, 2018. The detail thereof is as under:

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|---------------------------|---------------------------|
| Balance Amount included under the captioned head CWIP at the opening of the year | 2,412.91 | 1,936.69 |
| Amount of interest transfer from CWIP and Capitalised in respective Assets | 2,412.91 | - |
| Amount of interest transfer for Capitalisation under the Captioned Head - CWIP | - | 476.22 |
| Balance Amount included under the captioned head CWIP at the year end | - | 2,412.91 |

The weighted average rate for capitalisation of interest relating to general borrowings was approximately NIL and 10.70 % for the year ended March 31, 2018 and year ended March 31, 2017, respectively.

- b) **Contractual obligations** - Refer to note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- c) **Capital work-in-progress** - Capital work in progress majorly comprises expenditure in the course of construction at Dahej Plant
- d) **Assets charged against borrowings** - Refer note 42 for property, plant and equipment pledged as security against current and non-current borrowings

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS PROPERTY, PLANT AND EQUIPMENT

| Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT | |
|-----------------------------|-----------------------------------|---------------|--------------------|------------------------------|-------------------------------|---------------------------|------------------------|------------------------------|----------------------|---------------------|
| | Deemed cost as at April 1, 2016 * | Addition | Sale / Adjust-ment | Balance as at March 31, 2017 | Balance as at April 1, 2016 * | Depreciation for the year | | Balance as at March 31, 2017 | As at March 31, 2017 | As at April 1, 2016 |
| | | | | | | Deprecia-tion | Disposal / adjustments | | | |
| Freehold land | 84.54 | - | - | 84.54 | - | - | - | - | 84.54 | 84.54 |
| Finance lease assets - Land | 1,957.74 | 43.98 | - | 2,001.72 | - | 4.54 | - | 4.54 | 1,997.18 | 1,957.74 |
| Buildings | 5,713.01 | 85.19 | - | 5,798.20 | - | 202.01 | - | 202.01 | 5,596.19 | 5,713.01 |
| Plant and machinery | 8,859.51 | 215.33 | 7.26 | 9,067.58 | - | 970.68 | 1.80 | 968.88 | 8,098.70 | 8,859.51 |
| Roads | 1,330.39 | - | - | 1,330.39 | - | 153.71 | - | 153.71 | 1,176.68 | 1,330.39 |
| Office equipments | 44.11 | 38.95 | 1.68 | 81.38 | - | 16.41 | 0.03 | 16.38 | 65.00 | 44.11 |
| Furniture & fixtures | 158.22 | 18.42 | - | 176.64 | - | 21.11 | - | 21.11 | 155.53 | 158.22 |
| Electrical fittings | 283.17 | 13.58 | - | 296.75 | - | 42.07 | - | 42.07 | 254.68 | 283.17 |
| Computers | 93.72 | 10.47 | 0.40 | 103.79 | - | 33.45 | 0.06 | 33.39 | 70.40 | 93.72 |
| Vehicles | 585.60 | 246.86 | 94.32 | 738.14 | - | 110.69 | 10.78 | 99.91 | 638.23 | 585.60 |
| Total | 19,110.01 | 672.78 | 103.66 | 19,679.13 | - | 1,554.67 | 12.67 | 1,542.00 | 18,137.13 | 19,110.01 |

* The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of property, plant and equipment including capital work in progress as deemed cost. Refer note 44.

4. INTANGIBLE ASSETS

(All amounts in INR in 'Lacs', unless mentioned otherwise)

| Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED AMORTISATION | | | | NET CARRYING AMOUNT | |
|---------------------------------|------------------------------|--------------|-------------------|------------------------------|------------------------------|---------------------------|-----------------------|------------------------------|----------------------|----------------------|
| | Balance as on April 01, 2017 | Addition | Sale / Adjustment | Balance as on March 31, 2018 | Balance as on April 01, 2017 | Amortisation for the year | | Balance as on March 31, 2018 | As on March 31, 2018 | As on March 31, 2017 |
| | | | | | | Amortisation | Disposal / adjustment | | | |
| Software | 139.26 | - | 5.80 | 133.46 | 20.90 | 24.43 | 0.66 | 44.67 | 88.79 | 118.36 |
| Website | 0.04 | - | 0.04 | - | - | - | - | - | - | 0.04 |
| Patents, trademarks and designs | 228.34 | 68.16 | 1.15 | 295.35 | 24.64 | 40.18 | - | 64.82 | 230.53 | 203.70 |
| Total | 367.64 | 68.16 | 6.99 | 428.81 | 45.54 | 64.61 | 0.66 | 109.49 | 319.32 | 322.10 |

Intangible assets under development

| Cost | Amount |
|-----------------------------|---------------|
| As at April 1, 2016 | 51.26 |
| Additions | 92.76 |
| Capitalised during the year | (20.52) |
| As at March 31, 2017 | 123.50 |
| As at April 1, 2017 | 123.50 |
| Additions | 290.41 |
| Capitalised during the year | - |
| As at March 31, 2018 | 413.91 |

Intangible assets under development mainly comprises mobile application, website under development and patents for which registration is awaited.

4 INTANGIBLE ASSETS

| Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED AMORTISATION | | | | NET CARRYING AMOUNT | |
|---------------------------------|-----------------------------------|---------------|--------------------|------------------------------|-------------------------------|---------------------------|------------------------|------------------------------|----------------------|---------------------|
| | Deemed cost as on April 1, 2016 * | Addi-tion | Sale / Adjust-ment | Balance as on March 31, 2017 | Balance as on April 1, 2016 * | Amortisation for the year | | Balance as on March 31, 2017 | As on March 31, 2017 | As on April 1, 2016 |
| | | | | | | Amorti-sation | Disposal / adjust-ment | | | |
| Software | 117.76 | 21.50 | - | 139.26 | - | 20.90 | - | 20.90 | 118.36 | 117.76 |
| Website | 0.04 | - | - | 0.04 | - | - | - | - | 0.04 | 0.04 |
| Patents, trademarks and designs | 141.81 | 86.53 | - | 228.34 | - | 24.64 | - | 24.64 | 203.70 | 141.81 |
| Total | 259.61 | 108.03 | - | 367.64 | - | 45.54 | - | 45.54 | 322.10 | 259.61 |

* The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of intangible asset including intangible assets under development as deemed cost. Refer note 44.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

5. INVESTMENT IN JOINT VENTURE

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| Investment in unquoted equity shares - Fully paid-up - At cost | | | |
| 795,000 {(March 31, 2017: 795,000) (April 1, 2016: 795,000) Equity Shares of OAT & IIL India Lab.(P) Ltd. at INR 100 Each | 795.00 | 795.00 | 795.00 |
| Total | 795.00 | 795.00 | 795.00 |

*refer note 36

6. FINANCIAL ASSETS - NON-CURRENT
6(A) INVESTMENTS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Investments stated at Fair Value through OCI | | | |
| Investments in equity instruments - Quoted (fully paid) - Listed at Tokyo Stock Exchange | | | |
| 36,400 {(March 31, 2017: 36,400) (April 1, 2016: 36,400) equity shares of OAT Agrio Co. Ltd. (Co-venturer of Joint venture company) (April 1, 2016: 18,200 shares received during the year on split of total 18,200 original shares) | 831.09 | 310.29 | 306.48 |
| Total | 831.09 | 310.29 | 306.48 |
| Aggregate book value of quoted investments | 831.09 | 310.29 | 306.48 |
| Aggregate market value of quoted investments | 831.09 | 310.29 | 306.48 |

6(B) OTHER FINANCIAL ASSETS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Measured at fair value through profit and loss | | | |
| Derivative assets | - | 11.69 | 66.86 |
| Measured at amortised cost (Unsecured, considered good unless otherwise stated) | | | |
| Deposits having maturity of more than twelve months | 28.10 | 25.91 | 24.26 |
| Security deposits | 160.50 | 157.10 | 172.46 |
| Total | 188.60 | 194.70 | 263.58 |

7. OTHER NON-CURRENT ASSETS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| (Unsecured, considered good unless otherwise stated) | | | |
| Capital advances | 636.23 | 54.94 | 97.06 |
| Advances other than Capital Advances | | | |
| Balances with government authorities | 444.70 | 444.70 | 444.70 |
| Prepaid expenses | 6.34 | 12.68 | 19.03 |
| Total | 1,087.27 | 512.32 | 560.79 |

8. NON-CURRENT TAX ASSETS (NET)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Advance income tax | 315.50 | 234.79 | 196.44 |
| [Net of provision for tax INR 2,532.74 {(March 31, 2017: INR 1,700.00) (April 1, 2016: INR 2,651.01)}] | | | |
| Total | 315.50 | 234.79 | 196.44 |

9. INVENTORIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| At the lower of cost and net realisable value | | | |
| Raw Material {INR 283.69 (March 31, 2017: INR 858.87) (April 1, 2016: INR 519.41) in transit} | 15,515.06 | 13,224.12 | 8,531.60 |
| Packing material {INR 1.45 (March 31, 2017: INR 12.21 (April 1, 2016: INR 25.46) in transit} | 1,329.89 | 1,357.47 | 1,401.30 |
| Work-in-progress | 3,229.09 | 4,546.82 | 4,125.86 |
| Stock-in-trade (Traded Goods) | 2,959.94 | 3,190.34 | 1,925.92 |
| Finished goods (Manufactured) (INR Nil (April 1, 2016: INR 131.57) in transit) | 17,582.85 | 20,156.69 | 19,022.89 |
| Stores, Spares Parts & Fuel {INR 0.96 (March 31, 2017: INR 8.49 (April 1, 2016: INR 3.71) in transit} | 112.12 | 102.22 | 52.81 |
| Total | 40,728.95 | 42,577.66 | 35,060.38 |

10. FINANCIAL ASSETS - CURRENT

10(A) TRADE RECEIVABLES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Trade receivables | 23,884.87 | 21,463.91 | 20,763.93 |
| Less: Allowance for doubtful debts | (403.67) | (302.45) | (238.19) |
| Total | 23,481.20 | 21,161.46 | 20,525.74 |
| Current portion | 23,481.20 | 21,161.46 | 20,525.74 |
| Non-current portion | - | - | - |
| Breakup of security details | | | |
| Secured, considered good | - | - | - |
| Unsecured, considered good | 23,481.20 | 21,161.46 | 20,525.74 |
| Doubtful | 403.67 | 302.45 | 238.19 |
| Subtotal | 23,884.87 | 21,463.91 | 20,763.93 |
| Allowance for doubtful debts (refer note 34) | (403.67) | (302.45) | (238.19) |
| Total | 23,481.20 | 21,161.46 | 20,525.74 |

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 90 to 180 days.
- For explanations on the Company's credit risk management processes, refer note 34

10(B) CASH AND CASH EQUIVALENTS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---------------------|-------------------------|-------------------------|------------------------|
| Balances with banks | | | |
| On current accounts | 1,948.17 | 677.38 | 683.82 |
| Cash on hand | 8.15 | 7.48 | 27.71 |
| Total | 1,956.32 | 684.86 | 711.53 |

10(C) OTHER BANK BALANCES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| In earmarked accounts | | | |
| Unpaid dividend | 3.52 | 3.81 | 4.11 |
| Deposits with remaining maturity between three and twelve months* | 51.15 | 233.36 | 232.56 |
| Total | 54.67 | 237.17 | 236.67 |

*The fixed deposits made with banks had been given as margin money against Bank Guarantee/ Letter of credit

10(D) LOANS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Unsecured, considered good | | | |
| Loans to employees | 5.96 | 0.66 | 1.28 |
| Total | 5.96 | 0.66 | 1.28 |
| Loans due from directors or other officers of the Group at the end of the period | Nil | Nil | Nil |

10(E) OTHER FINANCIAL ASSETS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Measured at fair value through profit and loss | | | |
| Derivative assets | 14.13 | 46.78 | 148.64 |
| Measured at amortised cost (unsecured, considered good) | | | |
| Dividend receivable | 6.80 | 5.38 | 5.45 |
| Insurance claim recoverable | 0.39 | - | 122.10 |
| Litigation charges recoverable | 19.60 | 19.60 | - |
| Export incentive recoverable | 4.98 | 3.76 | 8.98 |
| Interest subsidy recoverable | 282.05 | 379.89 | 368.32 |
| Capital subsidy recoverable | - | - | 21.20 |
| Total | 327.95 | 455.41 | 674.69 |

11. OTHER CURRENT ASSETS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| (Unsecured, considered good unless otherwise stated) | | | |
| Advances to suppliers | | | |
| -to related parties | 0.31 | 5.43 | 3.82 |
| -to others | 551.33 | 540.86 | 428.13 |
| Advances to employees | 17.62 | 16.40 | 22.32 |
| Balances with government authorities | 4,678.72 | 5,691.12 | 5,151.04 |
| Prepaid expenses | 146.25 | 145.64 | 118.63 |
| Total | 5,394.23 | 6,399.45 | 5,723.94 |
| Advance due from Directors or other officers at the end of the year/ period | Nil | Nil | Nil |
| Advance due by Firms or Private Companies in which any Director of the Group is a Director or member. | - | 5.43 | 1.95 |

12. EQUITY SHARE CAPITAL

| Authorised share capital | Number of shares | INR |
|---|-------------------|-----------------|
| As at April 1, 2016 | 25,000,000 | 2,500.00 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2017 | 25,000,000 | 2,500.00 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2018 | 25,000,000 | 2,500.00 |
| Issued equity share capital | Number of shares | INR |
| Equity shares of INR Rs. 10 each issued, subscribed and fully paid. | | |
| As at April 1, 2016 | 20,667,796 | 2,066.78 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2017 | 20,667,796 | 2,066.78 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2018 | 20,667,796 | 2,066.78 |

(a) **Rights, preferences and restrictions attached to shares :**

The company has only one class of equity shares having face value of INR 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion to their shareholding.

(b) **The details of Shareholders holding more than 5% shares:**

| Name of the Shareholder | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---------------------------|----------------------|--------|----------------------|--------|---------------------|--------|
| | Number of Shares | % Held | Number of Shares | % Held | Number of Shares | % Held |
| Rajesh Aggarwal | 5,292,900 | 25.61 | 5,292,900 | 25.61 | 5,292,900 | 25.61 |
| Pushpa Aggarwal | 2,151,900 | 10.41 | 2,151,900 | 10.41 | 2,151,900 | 10.41 |
| Rajesh Aggarwal (HUF) | 1,953,000 | 9.45 | 1,953,000 | 9.45 | 1,953,000 | 9.45 |
| Hari Chand Aggarwal (HUF) | 1,494,000 | 7.23 | 1,494,000 | 7.23 | 1,494,000 | 7.23 |
| Nikunj Aggarwal | 1,125,000 | 5.44 | 1,125,000 | 5.44 | 1,125,000 | 5.44 |

(c) **Aggregate number of equity shares issued as bonus during the period of five years immediately preceding the reporting date**

The company has allotted 63,41,483 number of Equity Shares as Bonus Shares on April 25, 2015 in the ratio of 2:1 and the same got listed on May 8, 2015.

13. OTHER EQUITY

a) **Reserves and surplus**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-----------------------------------|----------------------|----------------------|---------------------|
| Retained earnings | 38,683.57 | 30,779.72 | 24,853.79 |
| Securities premium reserve | 10,410.18 | 10,410.18 | 10,410.18 |
| General reserve | 3,201.52 | 3,201.52 | 3,201.52 |
| Total reserves and surplus | 52,295.27 | 44,391.42 | 38,465.49 |

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| (i) Retained Earnings | | |
| Opening balance | 30,779.72 | 24,853.79 |
| Profit for the year | 8,397.36 | 5,939.90 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| Remeasurements of net defined benefit plans, net of tax | 4.00 | (13.97) |
| Dividend paid during the year | (413.35) | - |
| Tax on Dividend paid | (84.16) | - |
| Closing balance | 38,683.57 | 30,779.72 |
| (ii) Securities premium reserve | | |
| Opening balance | 10,410.18 | 10,410.18 |
| Additions during the year | - | - |
| Closing balance | 10,410.18 | 10,410.18 |
| (iii) General reserve | | |
| Opening balance | 3,201.52 | 3,201.52 |
| Add: Appropriations | - | - |
| Closing balance | 3,201.52 | 3,201.52 |
| Total other equity | 52,295.27 | 44,391.42 |

b) Other reserves

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-------------------------------------|-------------------------|-------------------------|------------------------|
| FVTOCI reserve - equity instruments | 396.97 | (2.50) | (5.43) |
| Total other reserves | 396.97 | (2.50) | (5.43) |

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| i) FVTOCI reserve - equity instruments | | |
| Opening balance | (2.50) | (5.43) |
| Change in fair value of FVTOCI equity instruments | 399.47 | 2.93 |
| Closing balance | 396.97 | (2.50) |

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 30

Nature and purpose of reserves

- Securities premium reserve** - Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Company may use this reserve for issuing fully paid-up bonus shares, buy-back of shares and for expenses in relation to issue of shares.
- General reserve** - General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the statement of profit and loss. The Company can use this reserve for payment of dividend, issue of bonus shares and fully / partly paid-up equity shares. No amount has been transferred to general reserve during the years ended March 31, 2018 & March 31, 2017.
- FVTOCI equity investments** - The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity investments reserve within equity. The company transfers amounts from this reserve within equity when the relevant equity securities are derecognised.

14. FINANCIAL LIABILITIES - NON CURRENT

14(a) Borrowings

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| Secured | | | |
| Indian Rupee loan from banks | | | |
| Term loans | 1,364.71 | 2,397.06 | 3,779.41 |
| Vehicle loans | 313.28 | 240.84 | 193.06 |
| Foreign currency loan from banks | 81.46 | 405.34 | 1,614.84 |
| Unsecured | | | |
| Loans from other parties | | | |
| Loan from National Development and Research Corporation (NRDC) | - | 25.02 | 50.04 |
| Total | 1,759.45 | 3,068.26 | 5,637.35 |
| Less: Current maturities of long-term debt (included in note 17(c)) | 931.04 | 1,526.50 | 2,732.36 |
| Non-current borrowings (as per balance sheet) | 828.41 | 1,541.76 | 2,904.99 |

Nature of Security and terms of repayment for secured borrowing :

a) Indian rupee term loan

The Indian Rupees Term Loans outstanding amounts to INR 1,364.71 {(March 31, 2017 - INR 2,397.06 (April 1, 2016 - INR 3,779.41))} have been secured by the exclusive first charge over assets being financed including Land & Building and Plant & Machineries situated at CH-21, GIDC Industrial Estate, Dahej Plant (Gujrat). Further, the loan has been guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. This outstanding loan are repayable quarterly in 8 installments alongwith interest rates ranging between 10.95% to 12.50% per annum.

b) Foreign currency term loan

- The Foreign Currency outstanding loan amounting to NIL {(March 31, 2017 - NIL) (April 1, 2016 - INR 248.44)} was secured by the first charge over Plant and Machineries situated at CH-21, GIDC Industrial Estate, Dahej Plant (Gujarat). Further, the loan was guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. The interest is to be paid on quarterly basis at Libor plus 2.50%. Further, the company has entered into the derivative contract for hedging of the currency swaps and interest rate swaps.
- The Foreign Currency outstanding loan amounting to NIL {(March 31, 2017 - NIL) (April 1, 2016 - INR 621.09)} was secured by the exclusive first charge over assets being financed including Land & Building and Plant & Machineries situated at CH-21, GIDC Industrial Estate, Dahej Plant (Gujrat). Further, the loan was guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. The interest is to be paid on quarterly basis at Libor plus 3.50%. Further, the company has entered into the derivative contract for hedging of the currency swaps and interest rate swaps.

3. The Foreign Currency outstanding loan amounting to INR 81.46 {(March 31, 2017 - 405.34) (April 1, 2016 - INR 745.31) has been secured by the exclusive first charge over assets being financed including Land & Building and Plant & Machineries situated at CH-21, GIDC Industrial Estate, Dahej Plant (Gujrat). Further, the loan has been guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. The outstanding loan is repayable in 1 quarterly instalment. The interest is to be paid on quarterly basis at Libor plus 3.00%. Further, the company has entered into the derivative contract for hedging of the currency swaps and interest rate swaps.

c) Vehicle loans

Term Loans from banks for vehicles have been secured by hypothecation of vehicles. Further, vehicles loans have been guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. These loans are repayable in 36 monthly installments from the date of the loans along with interest rates ranging between 8.40% to 10.75% per annum.

d) Loan from NRDC

The Company entered into an agreement with NRDC under the Technology Development and Demonstration Programme (TDDP) for financing its research and development activities. As per the agreement, the company should repay a lumpsum amount at the rate of 26% of the actual money disbursed by NRDC over a period of five years from the start of commercial sale of the product "Thiamethoxam" i.e. a total 1.3 times the monies actually disbursed by NRDC. The effective interest rate is 9.43%

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 41

15. LONG TERM PROVISIONS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|------------------------------------|-------------------------|-------------------------|------------------------|
| Employee benefit provisions | | | |
| Provision for leave encashment | 56.50 | 50.73 | 56.03 |
| Total | 56.50 | 50.73 | 56.03 |

16. DEFERRED TAX LIABILITIES (NET)

| Particulars | As at April 1, 2017 | Charge/ (credit) to Statement of Profit and Loss | Charge/(credit) to other comprehensive income | MAT credit utilised | As at March 31, 2018 |
|--|------------------------|--|--|---------------------------|-------------------------|
| Property, plant and equipment and intangible assets | (2,025.47) | (119.55) | - | - | (1,905.92) |
| Derivatives | (20.24) | (15.30) | - | - | (4.94) |
| Borrowings | (9.92) | (9.92) | - | - | - |
| Investments | 0.75 | - | 121.32 | - | (120.57) |
| Total deferred tax liabilities | (2,054.88) | (144.77) | 121.32 | - | (2,031.43) |
| Set-off of deferred tax assets pursuant to set-off provisions | | | | | |
| MAT credit | 1,018.34 | - | - | 1,018.34 | - |
| Allowance for doubtful debts - trade receivables | 104.67 | (36.39) | - | - | 141.06 |
| Derivatives | 34.64 | 33.40 | - | - | 1.24 |
| Employee benefit provisions | - | - | - | - | - |
| Borrowings | 4.59 | (0.18) | - | - | 4.77 |
| Others | - | - | - | - | - |
| Total deferred tax assets | 1,162.24 | (3.17) | - | 1,018.34 | 147.07 |
| Net deferred tax assets / (liabilities) | (892.64) | (147.94) | 121.32 | 1,018.34 | (1,884.36) |

| Particulars | As at April 1, 2016 | Charge/(credit) to Statement of Profit and Loss | Charge/(credit) to other comprehensive income | MAT credit utilised | As at March 31, 2017 |
|--|---------------------|---|---|---------------------|----------------------|
| Property, plant and equipment and intangible assets | (1,755.19) | 270.28 | - | - | (2,025.47) |
| Derivatives | (74.58) | (54.34) | - | - | (20.24) |
| Borrowings | (21.05) | (11.13) | - | - | (9.92) |
| Total deferred tax liabilities | (1,850.82) | 204.81 | - | - | (2,055.63) |
| Set-off of deferred tax assets pursuant to set-off provisions | | | | | |
| MAT credit | 1,269.55 | (148.79) | - | 400.00 | 1,018.34 |
| Allowance for doubtful debts - trade receivables | 82.43 | (22.24) | - | - | 104.67 |
| Derivatives | 163.24 | 128.60 | - | - | 34.64 |
| Employee benefit provisions | - | - | - | - | - |
| Borrowings | 25.96 | 21.37 | - | - | 4.59 |
| Investments | 1.63 | - | 0.88 | - | 0.75 |
| Total deferred tax assets | 1,542.81 | (21.06) | 0.88 | 400.00 | 1,162.99 |
| Net deferred tax assets / (liabilities) | (308.01) | 183.75 | 0.88 | 400.00 | (892.64) |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

17. FINANCIAL LIABILITIES - CURRENT

17(A) Borrowings

| Particulars | Maturity date | Interest rate | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|---------------|----------------|----------------------|----------------------|---------------------|
| Secured | | | | | |
| Working Capital facilities from Banks | | | | | |
| Loans repayable on demand | | | | | |
| Working capital demand loans | Apr 18-May 18 | 7.80% - 7.90% | 5,600.00 | 11,000.00 | 6,250.00 |
| FCNR Loans (USD) | | | - | 571.35 | 3,439.20 |
| Cash credit from banks | On demand | 7.90% - 10.95% | 2,379.56 | 6,388.52 | 5,362.03 |
| Buyers Credit Loans (USD) | Apr 18-Jul 18 | 1.95% - 4.10% | 1,670.24 | 2,459.95 | - |
| Cheques sent for collection | - | - | 26.45 | 175.72 | 85.70 |
| Total | | | 9,676.25 | 20,595.54 | 15,136.93 |

Working Capital Loans (Loans repayable on demand, Cash Credit & Buyers Credits) from banks are secured by first pari passu charge over present and future stock & book debts and moveable property, plant and equipment of the company. These loans are additionally secured by equitable mortgage on pari passu basis over Lands & Buildings of the company and residential property of the director at Pitampura Delhi and negative lien on company's office at Azad Pur (Delhi). Further, these loans have been guaranteed by the personal guarantee of the directors -Mr.Hari Chand Aggarwal and Mr. Rajesh Aggarwal.

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 41

17(B) TRADE PAYABLES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|----------------------|----------------------|---------------------|
| Trade payables | 22,944.79 | 19,767.80 | 21,004.50 |
| Trade payables to related parties (note 37) | 1,390.86 | 100.61 | 167.04 |
| Total | 24,335.65 | 19,868.41 | 21,171.54 |

Trade payables are non-interest bearing and are settled on agreed terms.

Refer note 43 for disclosure pertaining to Micro, Small & Medium Enterprises Development Act, 2006

17(C) OTHER FINANCIAL LIABILITIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Financial liabilities at amortised cost | | | |
| Current maturities of long-term borrowings (note 14(a)) | 931.04 | 1,526.50 | 2,732.36 |
| Security deposits received from customers | 492.37 | 547.02 | 499.64 |
| Creditors for capital expenditure | 115.67 | 46.40 | 51.88 |
| Interest accrued on borrowings | 21.79 | 29.93 | 82.46 |
| Employee payables | | | |
| - to related parties (refer note 38) | 15.85 | 24.15 | 18.46 |
| - to others | 866.20 | 757.39 | 692.40 |
| Unpaid dividend account | 3.52 | 3.81 | 4.11 |
| Financial liabilities at fair value through profit and loss | | | |
| Derivative liabilities | 3.27 | 260.21 | 201.80 |
| Total | 2,449.71 | 3,195.41 | 4,283.11 |

18. SHORT TERM PROVISIONS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|------------------------------------|-------------------------|-------------------------|------------------------|
| Employee benefit provisions | | | |
| Provision for gratuity | 27.10 | 83.56 | 81.98 |
| Provision for leave encashment | 2.17 | 1.93 | 2.02 |
| Total | 29.27 | 85.49 | 84.00 |

(A) DEFINED CONTRIBUTION PLAN

| During the year, the Group has recognised the following amounts in the Statement of Profit and Loss: (note 24) | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| Employers' Contribution to Employee's Provident Fund (including admin charges) | 239.21 | 162.16 |
| Employers' Contribution to Employee's State Insurance | 35.58 | 20.26 |
| Total | 274.79 | 182.42 |

(B) DEFINED BENEFIT PLAN
(i) Gratuity

The company has a defined benefit for gratuity. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The company provides for the liability in its books of accounts based on the actuarial valuation by applying the Projected Unit Credit Method.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

| The principal assumptions used in determining gratuity benefit obligations for the Group's plan are shown below: | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Rate of Discounting | 7.86% | 7.52% | 8.07% |
| Rate of Salary Increase | 5.00% | 5.00% | 5.00% |
| Rate of Employee Turnover | 2.00% | 2.00% | 2.00% |
| Mortality Rate During Employment | IALM (2006-08) | IALM (2006-08) | IALM (2006-08) |

| Changes in the present value of the defined benefit obligation are as follows: | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---------------------------------|---------------------------------|--------------------------------|
| Opening defined benefit obligation | 458.93 | 403.04 | 319.65 |
| Interest cost | 34.51 | 32.52 | 25.44 |
| Current service cost | 56.67 | 48.59 | 42.31 |
| Past service cost | 12.00 | - | - |
| Benefits paid | (28.65) | (45.28) | (26.83) |
| Actuarial (gain) / loss | | | |
| Due to change in financial assumptions | (17.13) | 23.75 | (4.18) |
| Due to change in experience | 9.73 | (3.69) | 46.65 |
| Closing defined benefit obligation | 526.06 | 458.93 | 403.04 |

| Changes in the Fair Value of Plan Assets are as follows: | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---------------------------------|---------------------------------|--------------------------------|
| Fair Value of Plan Assets at the Beginning of the Period | 375.38 | 321.06 | 298.22 |
| Interest Income | 28.22 | 25.91 | 23.74 |
| Contributions by the Employer | 125.30 | 75.00 | 25.00 |
| Benefits paid | (28.65) | (45.28) | (26.83) |
| Return on Plan Assets, Excluding Interest Income | (1.28) | (1.31) | 0.93 |
| Fair Value of Plan Assets at the End of the Period | 498.97 | 375.38 | 321.06 |

| Reconciliation of fair value of plan assets and defined benefit obligation: | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|---------------------------------|---------------------------------|--------------------------------|
| Present value of defined benefit obligation | (526.06) | (458.93) | (403.04) |
| Fair value of plan assets | 498.97 | 375.38 | 321.06 |
| Plan asset / (liability) | (27.09) | (83.55) | (81.98) |

| Expenses recognised in Statement of profit and loss | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|--------------------------------------|--------------------------------------|
| Net interest cost | 6.29 | 6.61 |
| Current service cost | 56.67 | 48.59 |
| Past service cost | 12.00 | - |
| Net expense * | 74.96 | 55.20 |

* Includes INR 1.93 (March 31, 2017 - NIL) transfer to Research & Development Expenditure

| Expenses recognised in Statement of other comprehensive income | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|--------------------------------------|--------------------------------------|
| Actuarial (gain) / loss on defined benefit obligation | (7.40) | 20.06 |
| Return on Plan Assets, excluding Interest Income | 1.28 | 1.31 |
| Total expense recognised in statement of other comprehensive income | (6.12) | 21.37 |

| Major categories of plan assets of the fair value of the total plan assets | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|-----------------------------|-------------|-----------------------------|-------------|----------------------------|-------------|
| | Total | In % | Total | In % | Total | In % |
| Insurance fund | 498.97 | 100% | 375.38 | 100% | 321.06 | 100% |
| Total | 498.97 | 100% | 375.38 | 100% | 321.06 | 100% |

| A quantitative sensitivity analysis for significant assumption is as shown below: | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Defined benefit obligation (base) | 526.06 | 458.93 |
| Change in discount rate | | |
| Increase by 1% | (45.42) | (41.69) |
| Decrease by 1% | 53.15 | 49.01 |
| Change in rate of salary increase | | |
| Increase by 1% | 53.29 | 49.78 |
| Decrease by 1% | (46.19) | (42.99) |
| Change in rate of employee turnover | | |
| Increase by 1% | 12.97 | 10.06 |
| Decrease by 1% | (14.77) | (11.54) |

The following payments are expected contributions to the defined benefit plan in future years:

| | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Weighted average duration of the defined benefit plan obligation | 11 years | 12 years | 11 years |
| Within next 12 months | 51.04 | 42.87 | 53.56 |
| Between 1 and 5 years | 126.54 | 98.10 | 87.04 |
| Between 5 and 10 years | 210.64 | 169.06 | 146.59 |
| More than 10 years | 974.10 | 870.99 | 806.46 |

(C) RISK EXPOSURE

Interest rate risk: A fall in the discount rate which is linked to the Government Security Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

19. OTHER CURRENT LIABILITIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-------------------------|-------------------------|-------------------------|------------------------|
| Advances from customers | 5,664.94 | 4,896.20 | 4,816.46 |
| Statutory dues | 321.83 | 259.19 | 260.80 |
| Total | 5,986.77 | 5,155.39 | 5,077.26 |

20. REVENUE FROM OPERATIONS

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Sale of products (including excise duty) * | | |
| Finished goods | 100,258.03 | 93,746.80 |
| Traded goods | 9,795.95 | 13,878.75 |
| | 110,053.98 | 107,625.55 |
| Other operating revenue | | |
| Revenue from Job Work | 136.31 | - |
| Sale of scrap | 27.39 | 1.35 |
| GST Refund - Budgetary Support Scheme ** | 421.74 | - |
| Total revenue from operations | 110,639.42 | 107,626.90 |

* Sale of goods includes excise duty collected from customers of INR 3,314.30 (March 31, 2017: INR 8,205.90). Sale of goods net of excise duty is INR 1,06,739.68 (March 31, 2017: INR 99,419.66). Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended March 31, 2018 is not comparable with the year ended March 31, 2017.

** As per the budgetary support scheme, eligible units (Samba and Udampur in Jammu & Kashmir) are entitled to receive refund of the Goods and Services Tax paid by the unit.

21. OTHER INCOME

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| Interest income | | |
| Fixed deposits with banks | 8.40 | 16.98 |
| Other assets | 24.26 | 4.64 |
| Dividend income from equity investments designated at fair value through other comprehensive income* | 8.03 | 6.35 |
| Other non-operating income | | |
| Miscellaneous income | 70.82 | 25.68 |
| Exchange difference (net) | - | 629.09 |
| Net gain on fair value changes | | |
| Derivatives at FVTPL | 212.60 | - |
| Total other income | 324.11 | 682.74 |

All dividends from equity investments designated at FVTOCI relate to investments held at the end of the reporting period.

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Raw Material | | |
| Inventory at the beginning of the year | 13,224.12 | 8,531.60 |
| Add: Purchases | 60,510.62 | 60,351.47 |
| | 73,734.74 | 68,883.07 |
| Less: inventory at the end of the year | 15,515.06 | 13,224.12 |
| Cost of raw material consumed | 58,219.68 | 55,658.95 |
| Packing Material | | |
| Inventory at the beginning of the year | 1,357.47 | 1,401.30 |
| Add: Purchases | 6,893.10 | 7,187.85 |
| | 8,250.57 | 8,589.15 |
| Less: inventory at the end of the year | 1,329.89 | 1,357.47 |
| Cost of Packing material consumed | 6,920.68 | 7,231.68 |
| Total Cost of raw material and components consumed | 65,140.36 | 62,890.63 |

23. (INCREASE)/DECREASE IN INVENTORIES

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|--------------------------------------|--------------------------------------|
| Inventories at the end of the year | | |
| Finished goods | 17,582.85 | 20,156.69 |
| Semi-finished goods | 3,229.09 | 4,546.82 |
| Traded goods | 2,959.94 | 3,190.34 |
| | 23,771.88 | 27,893.85 |
| Inventories at the beginning of the year | | |
| Finished goods | 20,156.69 | 18,891.32 |
| Semi-finished goods | 4,546.82 | 4,125.86 |
| Traded goods | 3,190.34 | 1,925.92 |
| | 27,893.85 | 24,943.10 |
| Total (Increase)/Decrease in inventories | 4,121.97 | (2,950.75) |
| Details of inventory | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Traded goods | | |
| Powder | 696.97 | 489.93 |
| Liquid | 1,902.00 | 2,516.81 |
| Granules | 360.97 | 183.60 |
| Total | 2,959.94 | 3,190.34 |
| Finished goods | | |
| Liquid | 9,522.97 | 11,716.12 |
| Powder | 1,574.52 | 2,802.72 |
| Granules | 1,936.08 | 2,943.30 |
| Technicals | 4,549.28 | 2,694.55 |
| Total | 17,582.85 | 20,156.69 |

24. EMPLOYEE BENEFIT EXPENSES

| Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|-------------|------------------------------|------------------------------|
| Salaries, wages and bonus | | 4,564.79 | 4,153.90 |
| Contribution to provident and other funds | 18 | 274.85 | 182.46 |
| Gratuity expense | 18 | 73.03 | 55.20 |
| Staff welfare expenses | | 149.47 | 159.35 |
| Total employee benefit expenses | | 5,062.14 | 4,550.91 |

25. FINANCE COSTS

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| Interest and finance charges on financial liabilities not at fair value through profit or loss | | |
| Interest on term loans and ECBs | 244.71 | 126.33 |
| Interest on CC Limits, buyer's credit and demand loans | 1,143.11 | 1,445.71 |
| Interest (Others) | 46.68 | 34.56 |
| Other borrowings costs | | |
| Bank charges | 157.26 | 416.69 |
| Total finance costs | 1,591.76 | 2,023.29 |

26. DEPRECIATION AND AMORTIZATION EXPENSE

| Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|----------|---------------------------|---------------------------|
| Depreciation of tangible assets | 3 | 1,639.98 | 1,554.67 |
| Amortization of intangible assets | 4 | 64.61 | 45.54 |
| Total depreciation and amortization expense | | 1,704.59 | 1,600.21 |

27. OTHER EXPENSES

| Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|----------|---------------------------|---------------------------|
| Consumption of stores and spares | | 497.86 | 410.77 |
| Power and fuel Expenses | | 1,356.64 | 1,329.34 |
| Transport charges | | 3,145.48 | 2,806.23 |
| Repairs and Maintenance | | | |
| Buildings | | 12.92 | 15.83 |
| Plant & Machinery | | 54.08 | 87.88 |
| Others | | 220.78 | 275.73 |
| Pollution Control Expenses | | 105.43 | 75.76 |
| Advertising and sales promotion | | 1,611.22 | 524.13 |
| Royalty | | 226.83 | 240.35 |
| Commission | | 554.12 | 610.47 |
| Travelling and conveyance | | 1,124.14 | 1,000.62 |
| Rent (Including Lease Rental) | | 346.63 | 333.39 |
| Insurance | | 80.38 | 80.01 |
| Communication expenses | | 41.54 | 44.21 |
| Printing and Stationery | | 41.93 | 26.08 |
| Legal and Professional Fees | | 244.27 | 301.33 |
| Director Sitting Fees | | 7.41 | 14.93 |
| Payment to Auditors | 27(a) | 31.01 | 25.30 |
| Electricity & Water Charges | | 51.45 | 42.28 |
| Rates and taxes | | 67.66 | 130.23 |
| Security Charges | | 88.63 | 85.18 |
| Research & Development Expenses | 28 | 419.88 | 353.68 |
| Loss on Sale of Fixed Assets (net) | | 23.06 | 40.93 |
| Corporate Social Responsibility Expenses | 27(b) | 148.78 | 93.70 |
| Provision for impairment of trade receivables | | 101.22 | 64.26 |
| Net losses on fair value changes | | | |
| Derivatives at FVTPL | | - | 215.44 |
| Exchange difference (net) | | 152.85 | - |
| Bad debts written off | | 22.64 | - |
| Miscellaneous Expenses | | 359.64 | 278.57 |
| Subtotal (c) | | 11,138.48 | 9,506.63 |

27(A) DETAILS OF PAYMENT TO AUDITORS (EXCLUDING TAXES)

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---------------------------|---------------------------|---------------------------|
| As auditor | | |
| Statutory Audit Fees | 26.00 | 13.80 |
| Tax Audit Fees | 4.00 | 4.60 |
| In other capacity | | |
| Taxation & Other Matters | - | 6.90 |
| Reimbursement of expenses | 1.01 | - |
| Total | 31.01 | 25.30 |

27(B) CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Group. The Group's policy covers current as well as proposed CSR activities to be undertaken by the Group and examining their alignment with Schedule VII of the Act.

The Group proposes to implement its CSR activities in various sectors which include promoting Education, green initiatives, and facilities for senior citizens, vocational & entrepreneurship skills, medical aid & healthcare, old age homes & women hostels, art and culture, destitute care and rehabilitation, rural development projects and others.

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Group | 129.38 | 108.47 |
| Total amount spent for the financial year | (148.78) | (93.70) |
| Amount unspent | - | 14.77 |
| Amount spent during the year on: | | |
| (i) Construction/acquisition of an asset | | |
| - in cash | - | - |
| - yet to be paid in cash | - | - |
| (ii) On purpose other than (i) above | | |
| - in cash | 148.78 | 93.70 |
| - yet to be paid in cash | - | - |
| Total | 148.78 | 93.70 |

The entire amount is spent through the IIL foundation, which is a related party.

28. RESEARCH & DEVELOPMENT EXPENDITURE

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| (i) Revenue Expenditure : | | |
| (a) Employee cost | 128.45 | 89.27 |
| (b) Cost of material & testing charges | 8.63 | 22.26 |
| (c) Other R&D expenditure | - | - |
| (d) Consultancy charges to OAT & IIL | 262.36 | 230.42 |
| (ii) Capital Expenditure | 145.37 | 42.38 |
| Total | 544.81 | 384.33 |

29. INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense, shows how the tax expense is affected by non-assessable and non-deductible items.

(A) INCOME TAX EXPENSE

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| <i>Current tax</i> | | |
| Current tax on profits for the year | 3,314.81 | 2,107.40 |
| Adjustment of tax relating to earlier periods | 245.49 | (34.42) |
| Total current tax expense | 3,560.30 | 2,072.98 |
| <i>Deferred tax</i> | | |
| Decrease (increase) in deferred tax assets | (144.77) | 127.73 |
| (Decrease) increase in deferred tax liabilities | (3.17) | 204.81 |
| MAT Credit entitlement of earlier years | - | (148.79) |
| Total deferred tax expense/(benefit) | (147.94) | 183.75 |
| Income tax expense | 3,412.36 | 2,256.73 |

(B) RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY THE INDIA'S TAX RATE

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Profit before income tax expense | 11,809.72 | 8,196.63 |
| Tax at the Indian tax rate of 34.608% | 4,087.11 | 2,836.69 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Weighted deduction on research and development expenditure | (99.19) | (259.56) |
| Deduction on account of tax holiday period | (833.72) | (467.21) |
| Other items | 12.67 | 330.01 |
| Adjustments for current tax of prior periods | 245.49 | (183.20) |
| Income tax expense | 3,412.36 | 2,256.73 |

Note: Ind AS transition

Pursuant to adoption of Ind AS by the Company, the total comprehensive income (excluding impact of deferred tax & current tax thereon) for the year ended March 31, 2018 increased by INR 638.29. The details of the same are given below:

| Particulars | Impact on total comprehensive income for the year ended March 31, 2018 |
|--|--|
| Fair valuation of derivatives | 212.60 |
| Expected credit loss on trade receivables | (101.21) |
| Changes in fair value of FVTOCI equity instruments | 520.79 |
| Remeasurement of net defined benefit plans | 6.11 |
| Total | 638.29 |

30. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended March 31, 2017

| Particulars | FVTOCI reserve | Retained earnings | Total |
|---|-------------------|----------------------|----------------|
| Re-measurement of net defined benefit plans | - | (13.97) | (13.97) |
| Gain/(loss) on FVTOCI financial assets | 2.93 | - | 2.93 |
| Total | 2.93 | (13.97) | (11.04) |

During the year ended March 31, 2018

| Particulars | FVTOCI reserve | Retained earnings | Total |
|---|-------------------|----------------------|---------------|
| Re-measurement of net defined benefit plans | - | 4.00 | 4.00 |
| Gain/(loss) on FVTOCI financial assets | 399.47 | - | 399.47 |
| Total | 399.47 | 4.00 | 403.47 |

31. SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, 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.

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 separate 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 Company. Such changes are reflected in the assumptions when they occur.

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables.

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

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 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 group of assets. Where the carrying amount of an asset 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 assessment of the time value of money and the risk specific to the asset. In determining fair value less cost 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 or other available fair value indicators.

Defined benefit plans (gratuity)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity 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 sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates in India. Further details about gratuity obligations are given in Note 18.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

32. HEDGING ACTIVITIES AND DERIVATIVES

Derivatives not designated as hedging instruments

The Company uses full currency cum interest rate swap and foreign exchange forward contracts and option contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are measured at fair value through profit or loss. These contracts are entered into for period consistent with the foreign currency exposures of the underlying transactions and with the intention to reduce the foreign exchange risk of expected purchases.

| Nature of instrument | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|----------------------------------|------------------------|----------------------------------|------------------------|----------------------------------|------------------------|
| | Amount outstanding USD (in Lacs) | Amount outstanding INR | Amount outstanding USD (in Lacs) | Amount outstanding INR | Amount outstanding USD (in Lacs) | Amount outstanding INR |
| Hedged foreign currency exposures | | | | | | |
| Interest Rate Swaps (refer note below) | 0.02 | 1.33 | 0.12 | 6.66 | 0.29 | 15.09 |
| Full Currency Interest Rate Swap contracts - payable (refer note below) | 1.25 | 67.81 | 6.25 | 339.06 | 15.00 | 775.50 |
| Forward contract - Buy | | | | | | |
| In respect of foreign letters of credit | 4.50 | 292.36 | 84.70 | 5,722.94 | 65.01 | 4,391.02 |
| In respect of import bills accepted | 1.42 | 91.07 | 5.16 | 349.69 | 14.18 | 962.40 |
| In respect of buyer's credit | 2.50 | 162.60 | 35.43 | 2,374.44 | - | - |
| Options contract - Buy | | | | | | |
| In respect of ECB loan | - | - | - | - | 5.37 | 356.09 |
| | 9.69 | 615.17 | 131.66 | 8,792.79 | 99.85 | 6,500.10 |

Note:

Hedging against the underlying INR borrowings by which:

- Group will receive Principal in INR and pay in foreign Currency
- Group will receive fixed interest in INR and pay fixed / floating interest in foreign Currency

Unhedged foreign currency exposures

| | | | | | | |
|-------------------------------------|---------------|------------------|--------------|-----------------|--------------|-----------------|
| a) Payables | | | | | | |
| Buyer's credit (including interest) | 23.29 | 1,518.04 | 2.61 | 169.67 | - | - |
| Letters of credit | 200.51 | 13,066.93 | 89.23 | 5,787.05 | 27.11 | 1,796.37 |
| Trade payables | 4.43 | 288.91 | 4.55 | 294.93 | 0.77 | 51.01 |
| | 228.23 | 14,873.88 | 96.39 | 6,251.65 | 27.88 | 1,847.38 |

33. FAIR VALUE MEASUREMENTS

| (i) Financial instruments by category | Note No. | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|----------|----------------------|---------------|------------------|----------------------|---------------|------------------|---------------------|---------------|------------------|
| | | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| a) Financial assets - Non-current | | | | | | | | | | |
| Investments | 6(a) | | | | | | | | | |
| - Equity instruments | | - | 831.09 | - | - | 310.29 | - | - | 306.48 | - |
| Security deposits | 6(b) | - | - | 160.50 | - | - | 157.10 | - | - | 172.46 |
| Derivative assets | 6(b) | - | - | - | 11.69 | - | - | 66.86 | - | - |
| Deposits having maturity of more than twelve months | 6(b) | - | - | 28.10 | - | - | 25.91 | - | - | 24.26 |
| b) Financial assets - Current | | | | | | | | | | |
| Trade receivables | 10(a) | - | - | 23,481.20 | - | - | 21,161.46 | - | - | 20,525.74 |
| Cash and cash equivalents | 10(b) | - | - | 1,956.32 | - | - | 684.86 | - | - | 711.53 |
| Other bank balances | 10(c) | - | - | 54.67 | - | - | 237.17 | - | - | 236.67 |
| Loans to employees | 10(d) | - | - | 5.96 | - | - | 0.66 | - | - | 1.28 |
| Derivative assets | 10(e) | 14.13 | - | - | 46.78 | - | - | 148.64 | - | - |
| Dividend receivable | 10(e) | - | - | 6.80 | - | - | 5.38 | - | - | 5.45 |
| Insurance claim recoverable | 10(e) | - | - | 0.39 | - | - | - | - | - | 122.10 |
| Litigation charges recoverable | 10(e) | - | - | 19.60 | - | - | 19.60 | - | - | - |
| Export incentive recoverable | 10(e) | - | - | 4.98 | - | - | 3.76 | - | - | 8.98 |
| Interest subsidy recoverable | 10(e) | - | - | 282.05 | - | - | 379.89 | - | - | 368.32 |
| Capital subsidy recoverable | 10(e) | - | - | - | - | - | - | - | - | 21.20 |
| Total financial assets | | 14.13 | 831.09 | 26,000.57 | 58.47 | 310.29 | 22,675.79 | 215.50 | 306.48 | 22,197.99 |
| c) Financial liabilities - Non-current | | | | | | | | | | |
| Borrowings | 14(a) | - | - | 828.41 | - | - | 1,541.76 | - | - | 2,904.99 |
| d) Financial liabilities - Current | | | | | | | | | | |
| Borrowings | 17(a) | - | - | 9,676.25 | - | - | 20,595.54 | - | - | 15,136.93 |
| Trade payables | 17(b) | - | - | 24,335.65 | - | - | 19,868.41 | - | - | 21,171.54 |
| Current maturities of long-term borrowings | 17(c) | - | - | 931.04 | - | - | 1,526.50 | - | - | 2,732.36 |
| Security deposits received from customers | 17(c) | - | - | 492.37 | - | - | 547.02 | - | - | 499.64 |
| Creditors for capital expenditure | 17(c) | - | - | 115.67 | - | - | 46.40 | - | - | 51.88 |
| Interest accrued on borrowings | 17(c) | - | - | 21.79 | - | - | 29.93 | - | - | 82.46 |
| Employee payables | 17(c) | - | - | 882.05 | - | - | 781.54 | - | - | 710.86 |
| Unpaid dividend account | 17(c) | - | - | 3.52 | - | - | 3.81 | - | - | 4.11 |
| Derivative liabilities | 17(c) | 3.27 | - | - | 260.21 | - | - | 201.80 | - | - |
| Total financial liabilities | | 3.27 | - | 37,286.75 | 260.21 | - | 44,940.91 | 201.80 | - | 43,294.77 |

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| Financial assets and liabilities measured at fair value - recurring fair value measurements | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|----------------------|---------|---------|----------------------|---------|---------|---------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Financial assets at FVTOCI | | | | | | | | | |
| -Quoted equity investments* | 831.09 | - | - | 310.29 | - | - | 306.48 | - | - |
| Financial assets at FVTPL | | | | | | | | | |
| -Derivative assets | - | 14.13 | - | - | 58.47 | - | - | 215.50 | - |
| Financial liabilities | | | | | | | | | |
| Financial liabilities at FVTPL | | | | | | | | | |
| -Derivative liabilities | - | 3.27 | - | - | 260.21 | - | - | 201.80 | - |

*The investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the management believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

There have been no transfers between Level 1 and Level 2 during the period.

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | March 31, 2018 | | | March 31, 2017 | | | April 1, 2016 | | |
|---|----------------|----------|---------|----------------|----------|---------|---------------|----------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Security deposits | - | - | 160.50 | - | - | 157.10 | - | - | 172.46 |
| Deposits having maturity of more than twelve months | - | 28.10 | - | - | 25.91 | - | - | 24.26 | - |
| Financial liabilities | | | | | | | | | |
| Long term borrowings (including current maturities) | - | 1,739.79 | - | - | 3,067.22 | - | - | 5,659.03 | - |

There have been no transfers between Level 1 and Level 2 during the period.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair values of the FVTOCI investments are derived from quoted market prices in active markets.
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model
- the fair values of the interest-bearing borrowings and loans are determined by using discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis using rates currently available for debt on similar terms, credit risk and remaining maturities.

(iv) Fair value of financial assets and liabilities measured at amortised cost

| Particulars | Note No. | March 31, 2018 | | March 31, 2017 | | April 1, 2016 | |
|---|----------|-----------------|------------|-----------------|------------|-----------------|------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | | | | |
| -Security deposits* | 6(b) | 160.50 | 160.50 | 157.10 | 157.10 | 172.46 | 172.46 |
| -Deposits having maturity of more than twelve months* | 6(b) | 28.10 | 28.10 | 25.91 | 25.91 | 24.26 | 24.26 |
| Financial liabilities | | | | | | | |
| - Long term borrowings (including current maturities) | 14(a) | 1,759.45 | 1,739.79 | 3,068.26 | 3,067.22 | 5,637.35 | 5,659.03 |

*The management assessed that fair values of above financial instruments approximate their carrying value due to amortised cost being calculated based on the effective interest rates.

The carrying amounts of trade receivables, cash and bank balances, loans, other receivables, short term borrowings, security deposits received, trade payables, creditors for capital expenditure and other current financial assets and liabilities are considered to be the same as fair value due to their short term maturities.

34. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, security deposits, cash and cash equivalents and loans that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk that are summarised as under:-

| Risk | Exposure arising from | Measurement | Management |
|-------------------------------------|--|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost. | Ageing analysis | Diversification of bank deposits, credit limits |
| Liquidity risk | Borrowings and other liabilities | Cash flow forecasting | Availability of committed credit lines and borrowing facilities |
| Market risk - foreign exchange risk | Recognised financial assets and liabilities not denominated in Indian rupee (INR) | a) Cash flow forecasting b) Sensitivity analysis | a) Forward exchange contracts b) Foreign currency options c) Currency swaps |
| Market risk - interest rate risk | Long-term borrowings at variable rates | Sensitivity analysis | Interest rate swaps |
| Market risk - security prices | Investments in equity securities | Sensitivity analysis | Portfolio diversification |

The Company has formulated the Risk Management Policy whose objective is to ensure sustainable business expansion with stability, and to promote an upbeat approach in risk management process by eliminating risk. In order to achieve this key objective, this policy provides a prepared and well-organized approach to manage the various types of risk associated with day to day business of the Company and minimize adverse impact on its business objectives as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Credit risk management

a) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical data and ageing of accounts receivable. Individual risk limits are set accordingly. New customers are analysed individually for creditworthiness before the Company's standard payment and delivery terms are offered. Sale limits are established for each customers and reviewed periodically.

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. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are actual
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the company.

The maximum exposure to credit risk arising from trade receivables is provided in note 10(a)

b) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's management in accordance with the policy of the Company. Counterparty credit limits are reviewed by the Company's management on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018, March 31, 2017 and April 1, 2016 is the carrying amounts as illustrated in Note 6 and 10 except for derivative financial instruments.

(ii) Provision for expected credit losses

| Category | Description of category | Basis for recognition of expected credit loss provision | | |
|---|--|---|-------------------------------|---------------------------------|
| | | Loans to employees | Security deposits | Trade receivables |
| High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | 12-month expected credit loss | 12-month expected credit loss | Lifetime expected credit losses |
| Quality assets, low credit risk | Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past | | | |

Year ended March 31, 2018

(a) Expected credit loss for loans and security deposits

| Particulars | Category | Description of category | Asset group | Gross carrying amount | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|--|---|---|--------------------|-----------------------|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Loans to employees | 5.96 | 0% | - | 5.96 |
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Security deposits | 160.50 | 0% | - | 160.50 |

(b) Expected credit loss for trade receivables under simplified approach

| Ageing | Not due | 0-90 days past due | 90-180 days past due | 180-360 days past due | 360-720 days past due | More than 720 days past due | Total |
|---|------------------|--------------------|----------------------|-----------------------|-----------------------|-----------------------------|------------------|
| Gross carrying amount | 13,616.98 | 6,473.00 | 2,950.03 | 333.40 | 331.54 | 179.92 | 23,884.87 |
| Expected loss rate | 0.10% | 0.20% | 0.50% | 5.00% | 50.00% | 100.00% | |
| Expected credit losses (Loss allowance provision) | 13.62 | 12.95 | 14.75 | 16.67 | 165.77 | 179.92 | 403.67 |
| Carrying amount of trade receivables (net of impairment) | 13,603.36 | 6,460.05 | 2,935.28 | 316.73 | 165.77 | - | 23,481.20 |

Year ended March 31, 2017

(a) Expected credit loss for loans and security deposits

| Particulars | Category | Description of category | Asset group | Gross carrying amount | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|--|---|---|--------------------|-----------------------|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Loans to employees | 0.66 | 0% | - | 0.66 |
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Security deposits | 157.10 | 0% | - | 157.10 |

(b) Expected credit loss for trade receivables under simplified approach

| Ageing | Not due | 0-90 days past due | 90-180 days past due | 180-270 days past due | 270-360 days past due | 360-720 days past due | More than 720 days past due | Total |
|---|------------------|--------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|------------------|
| Gross carrying amount | 12,361.98 | 4,626.97 | 3,679.63 | 343.68 | 83.83 | 253.51 | 114.31 | 21,463.91 |
| Expected loss rate | 0.10% | 0.20% | 0.50% | 5.00% | 5.00% | 50.00% | 100.00% | |
| Expected credit losses (Loss allowance provision) | 12.36 | 9.25 | 18.40 | 17.18 | 4.19 | 126.76 | 114.31 | 302.45 |
| Carrying amount of trade receivables (net of impairment) | 12,349.62 | 4,617.72 | 3,661.23 | 326.50 | 79.64 | 126.76 | - | 21,161.46 |

As at April 1, 2016

(a) Expected credit loss for loans and security deposits

| Particulars | Category | Description of category | Asset group | Gross carrying amount | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|--|---|---|--------------------|-----------------------|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Loans to employees | 1.28 | 0% | - | 1.28 |
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Security deposits | 172.46 | 0% | - | 172.46 |

(b) Expected credit loss for trade receivables under simplified approach

| Ageing | Not due | 0-90 days past due | 90-180 days past due | 180-270 days past due | 270-360 days past due | 360-720 days past due | More than 720 days past due | Total |
|---|------------------|--------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|------------------|
| Gross carrying amount | 14,531.45 | 3,674.17 | 1,965.14 | 268.24 | 31.39 | 204.08 | 89.46 | 20,763.93 |
| Expected loss rate | 0.10% | 0.20% | 0.50% | 5.00% | 5.00% | 50.00% | 100.00% | |
| Expected credit losses (Loss allowance provision) | 14.53 | 7.35 | 9.83 | 13.41 | 1.57 | 102.04 | 89.46 | 238.19 |
| Carrying amount of trade receivables (net of impairment) | 14,516.92 | 3,666.82 | 1,955.31 | 254.83 | 29.82 | 102.04 | - | 20,525.74 |

Reconciliation of loss allowance provision - trade receivables

| Particulars | Amount |
|---|---------------|
| Loss allowance on April 1, 2016 | 238.19 |
| Changes in loss allowance | 64.26 |
| Loss allowance on March 31, 2017 | 302.45 |
| Changes in loss allowance | 101.22 |
| Loss allowance on March 31, 2018 | 403.67 |

B) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.

The Company enjoys a good reputation for its sound financial management and ability to meet in financial commitments. CRISIL, a S&P Global Company, a reputed Rating Agency, has re-affirmed the credit rating of CRISIL A/Stable for the longterm and CRISIL A1 for the Short-term Bank facilities.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-----------------------|----------------------|----------------------|---------------------|
| Floating rate | | | |
| Short term borrowings | 36,491.59 | 18,726.82 | 28,603.72 |

(ii) Maturities of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments;

Contractual maturities of financial liabilities:-

| As at March 31, 2018 | Note No. | Within 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|----------|------------------|-----------------------|-------------------|------------------|
| Long term borrowings (including current maturities) | 14(a) | 931.04 | 828.41 | - | 1,759.45 |
| Short term borrowings | 17(a) | 9,676.25 | - | - | 9,676.25 |
| Trade payables | 17(b) | 24,335.65 | - | - | 24,335.65 |
| Security deposits received from customers | 17(c) | 492.37 | - | - | 492.37 |
| Creditors for capital expenditure | 17(c) | 115.67 | - | - | 115.67 |
| Interest accrued but not due on borrowings | 17(c) | 21.79 | - | - | 21.79 |
| Employee payables | 17(c) | 882.05 | - | - | 882.05 |
| Unpaid dividend account | 17(c) | 3.52 | - | - | 3.52 |
| Derivative liabilities | 17(c) | 3.27 | - | - | 3.27 |
| Total | | 36,461.61 | 828.41 | - | 37,290.02 |

| As at March 31, 2017 | Note No. | Within 1 year | Between 1 and 5 years | More than 5 years | Total |
|--|----------|------------------|-----------------------|-------------------|------------------|
| Long term borrowings | 14(a) | 1,526.50 | 1,541.76 | - | 3,068.26 |
| Short term borrowings | 17(a) | 20,595.54 | - | - | 20,595.54 |
| Trade payables | 17(b) | 19,868.41 | - | - | 19,868.41 |
| Security deposits received from customers | 17(c) | 547.02 | - | - | 547.02 |
| Creditors for capital expenditure | 17(c) | 46.40 | - | - | 46.40 |
| Interest accrued but not due on borrowings | 17(c) | 29.93 | - | - | 29.93 |
| Employee payables | 17(c) | 781.54 | - | - | 781.54 |
| Unpaid dividend account | 17(c) | 3.81 | - | - | 3.81 |
| Derivative liabilities | 17(c) | 260.21 | - | - | 260.21 |
| Total | | 43,659.36 | 1,541.76 | - | 45,201.12 |

| As at April 1, 2016 | Note No. | Within 1 year | Between 1 and 5 years | More than 5 years | Total |
|--|----------|------------------|-----------------------|-------------------|------------------|
| Long term borrowings | 14(a) | 2,732.36 | 2,904.99 | - | 5,637.35 |
| Short term borrowings | 17(a) | 15,136.93 | - | - | 15,136.93 |
| Trade payables | 17(b) | 21,171.54 | - | - | 21,171.54 |
| Security deposits received from customers | 17(c) | 499.64 | - | - | 499.64 |
| Creditors for capital expenditure | 17(c) | 51.88 | - | - | 51.88 |
| Interest accrued but not due on borrowings | 17(c) | 82.46 | - | - | 82.46 |
| Employee payables | 17(c) | 710.86 | - | - | 710.86 |
| Unpaid dividend account | 17(c) | 4.11 | - | - | 4.11 |
| Derivative liabilities | 17(c) | 201.80 | - | - | 201.80 |
| Total | | 40,591.58 | 2,904.99 | - | 43,496.57 |

C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. The Company hedges its exposure to fluctuations on the foreign currency loan by using foreign currency swaps and forwards.

At March 31, 2018, March 31, 2017 and April 01, 2016, the Company's hedge position is stated in Note 32. This foreign currency risk is hedged by using foreign currency forward contracts and full currency interest rate swaps.

Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and JPY exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

| Particulars | Impact on profit before tax | |
|---|---|----------------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| USD sensitivity | | |
| INR/USD - increase by 1% (March 31, 2017: 2%) | (148.74) | (125.03) |
| INR/USD - decrease by 1% (March 31, 2017: 2%) | 148.74 | 125.03 |
| | Impact on other comprehensive income | |
| JPY sensitivity [with respect to investment in equity shares of OAT Agrio Co. Ltd. (company listed on Tokyo Stock exchange)] | Year ended March 31, 2018 | Year ended March 31, 2017 |
| INR/JPY - increase by 5% (March 31, 2017: 1%) | 41.55 | 3.10 |
| INR/JPY - decrease by 5% (March 31, 2017: 1%) | (41.55) | (3.10) |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. At March 31, 2018, 99.86% (March 31, 2017: 99.82%, April 1, 2016 - 99.46%) of the Company's total borrowings are at a fixed rate of interest. As on March 31, 2018, the Company's borrowings were mainly denominated in INR and USD. In case of ECBs, the Company raises them at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly. Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|----------------------|----------------------|---------------------|
| Variable rate borrowings | | | |
| Short term borrowings | 9,676.25 | 20,595.54 | 15,136.93 |
| Long term borrowings (including current maturities) | 97.75 | 449.05 | 1,105.09 |
| Fixed rate borrowings - Long term (including current maturities) | 1,661.70 | 2,619.21 | 4,532.26 |
| Total borrowings | 11,435.70 | 23,663.80 | 20,774.28 |

As at the end of the reporting period, the Company had the following long term variable rate borrowings (including current maturities) and interest rate swap contracts outstanding:

| Particulars | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|--|----------------------------------|--------------|------------------|--------------------------|--------------|------------------|-----------------------------------|---------------|------------------|
| | Interest rates | Balance | % of total loans | Interest rates | Balance | % of total loans | Interest rates | Balance | % of total loans |
| Bank borrowings | Libor + 3%, 8.50% - 11.00% | 97.75 | 0.85% | Libor + 3%, 11.50% | 449.05 | 1.90% | Libor + 2.5% - 3.5%, 12.50% | 1,105.09 | 5.32% |
| Cross currency interest rate swaps (notional principal amount) | 11.75% | (81.46) | 0.71% | 11.75% | (405.34) | 1.71% | Libor + 1.60%, 11.35% | (993.75) | 4.78% |
| Net exposure to cash flow interest rate risk | | 16.29 | 0.14% | | 43.71 | 0.18% | | 111.34 | 0.54% |

(b) Sensitivity

The Company's exposure to long-term floating rate borrowings (mainly on account of vehicle loans) is not significant hence the sensitivity is not disclosed.

(iii) Price risk

(a) Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group in equity shares of OAT Agrio Co. Ltd. (Co-venturer of J.V.) and classified in the balance sheet as fair value through OCI (note 30).

(b) Sensitivity

The Group's investment in equity shares of OAT Agrio Co. Ltd. (Co-venturer of J.V.) is publicly traded in the Japanese stock exchange. With all other variables held constant, a 10% movement in the market value of the equity instrument will increase or decrease other comprehensive income by INR 83.11 (March 31, 2017: INR 31.03)

35 CAPITAL MANAGEMENT

(a) Risk management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. For the purpose of the Company's capital management, net debt includes interest bearing loans and borrowings, less cash and cash equivalents. Capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

| Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-----------------------------------|---------------------|----------------------|----------------------|---------------------|
| Total debt | 14(a), 17(a), 17(c) | 11,435.70 | 23,663.80 | 20,774.28 |
| (Less): Cash and cash equivalents | 10(b) | (1,956.32) | (684.86) | (711.53) |
| Net debt | | 9,479.38 | 22,978.94 | 20,062.75 |
| Total capital | 12, 13 | 54,759.02 | 46,455.70 | 40,526.84 |
| Capital and net debt | | 64,238.40 | 69,434.64 | 60,589.59 |
| Gearing ratio | | 15% | 33% | 33% |

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018 & March 31, 2017

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

(a) Dividends

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended April 1, 2016 |
|---|---------------------------|---------------------------|--------------------------|
| (i) Dividends paid on equity shares | | | |
| Final dividend for the year ended March 31, 2017 of INR Rs. 2 (April 1, 2016 - Nil) per fully paid share | 413.35 | - | - |
| (ii) Dividends on equity shares not recognised at the end of the reporting period | | | |
| In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR Rs. 2 per fully paid equity share (March 31, 2017: INR Rs. 2). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting | 413.35 | 413.35 | - |

The amount of dividend distribution tax on dividends that were proposed or declared before the financial statements were approved for issue, but are not recognised as a liability amounts to INR 84.97 (March 31, 2017: INR 84.16)

36. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of manufacturing and distribution of Agro-chemicals comprising of technical and formulation, hence there is one operating segment.

Entity wide disclosures as applicable to the Company are mentioned below:-

a) Information about geographical areas:

| Revenue from external customers | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---------------------------------|---------------------------|---------------------------|
| Within India | 106,640.75 | 106,465.25 |
| Outside India | 3,413.23 | 1,160.30 |
| Total revenue | 110,053.98 | 107,625.55 |

The basis for attributing revenues from external customer is based on the country of domicile of the respective customers.

b) Revenue from Major Customers: There is no customer having revenue amounting to 10% or more of Company's total revenue.

37. RELATED PARTY TRANSACTIONS

(i) Names of related parties and related party relationship:-

a) Key Management Personnel (KMP)

1. Sh. Hari Chand Aggarwal - Chairman
2. Sh. Rajesh Aggarwal - Managing Director
3. Ms. Nikunj Aggarwal - Whole-time Director
4. Sh. Sandeep Aggarwal - Chief Financial Officer
5. Sh. Pankaj Gupta - Company Secretary (Upto March 29, 2017)
6. Sh. Sandeep Kumar - Company Secretary (w.e.f. April 17, 2017)

b) Independent directors

1. Sh. Vrijesh Kumar Gupta
2. Mr. Navin Shah
3. Mr. Jayaraman Swaminathan
4. Mr. Deepak Gupta (appointed w.e.f. April 30, 2016 & resigned w.e.f. January 15, 2018)
5. Mr Vinod Kumar Mittal
6. Sh. Navneet Goel (resigned w.e.f. September 21, 2016)
7. Sh. Anil Kumar Singh (resigned w.e.f. July 12, 2016)
8. Sh. Gopal Chandra Agarwal (resigned w.e.f. September 21, 2016)

c) Relatives of KMPs

1. Sh. Sanjeev Aggarwal
2. Ms. Sonia Aggarwal
3. Ms. Anju Aggarwal
4. Mrs Pushpa Aggarwal

d) Enterprises over which the Company exercises joint control

1. OAT & IIL India Laboratories Private Limited

e) Enterprises over which key management personnel and their relatives have control / significant influence:

1. Paras Agro Industries
2. ISEC Organics Ltd.
3. Evergreen Mineral Industries
4. Valve & Phneumatics
5. Vinod Metals Industries
6. Crystal Crop Protection Pvt. Ltd.
7. HPM Chemicals & Fertilizers Ltd.
8. Crop Care Federation of India
9. IIL foundation

(ii) Transactions during the year with related parties:-

| Particulars | Enterprises over which key management personnel and their relatives have control / significant influence | | Entities over which the Company exercises joint control | | Key Management Personnel | | Relatives of Key Management Personnel | | Independent Directors | |
|--|--|---------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Advertisement expense | 1.21 | 2.12 | - | - | - | - | - | - | - | - |
| Crop Care Federation of India | 1.21 | 2.12 | - | - | - | - | - | - | - | - |
| Consultancy expenses | - | - | - | - | - | - | 8.56 | 8.56 | - | - |
| Sonia Aggarwal | - | - | - | - | - | - | 8.56 | 8.56 | - | - |
| Deputation fee income | - | - | 24.52 | 3.70 | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | - | - | 24.52 | 3.70 | - | - | - | - | - | - |
| Membership & Subscription expense | 7.63 | 5.00 | - | - | - | - | - | - | - | - |
| Crop Care Federation of India | 7.63 | 5.00 | - | - | - | - | - | - | - | - |
| Purchase of Capital Goods | - | 0.69 | - | - | - | - | - | - | - | - |
| Vinod Metal Industries | - | 0.69 | - | - | - | - | - | - | - | - |
| Purchases of Traded Goods | 2,762.39 | 5,759.94 | - | - | - | - | - | - | - | - |
| Crystal Crop Protection Pvt Ltd | 2,137.15 | 5,518.75 | - | - | - | - | - | - | - | - |
| Evergreen Mineral Industries | 26.88 | 101.52 | - | - | - | - | - | - | - | - |
| HPM Chemical & Fertilizers Limited | 577.92 | 87.26 | - | - | - | - | - | - | - | - |
| Paras Agro Industries | 18.91 | 50.72 | - | - | - | - | - | - | - | - |
| Valves & Pneumatics | 1.53 | 1.69 | - | - | - | - | - | - | - | - |
| Purchases of Raw Material | 79.78 | 67.56 | - | - | - | - | - | - | - | - |
| Vinod Metal Industries | 79.78 | 67.56 | - | - | - | - | - | - | - | - |
| Other Expenses | 8.26 | - | - | - | - | - | - | - | - | - |
| Crop Care Federation of India | 8.26 | - | - | - | - | - | - | - | - | - |
| R & D Expenses | - | - | 306.65 | 262.36 | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | - | - | 306.65 | 262.36 | - | - | - | - | - | - |
| Rent paid | 67.32 | 57.95 | - | - | - | - | 2.40 | 1.44 | - | - |
| ISEC Organics Ltd | 67.32 | 57.95 | - | - | - | - | - | - | - | - |
| Smt. Pushpa Aggarwal | - | - | - | - | - | - | 2.40 | 1.44 | - | - |
| Rental Income | - | - | 4.67 | 1.58 | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | - | - | 4.67 | 1.58 | - | - | - | - | - | - |

| Particulars | Enterprises over which key management personnel and their relatives have control / significant influence | | Entities over which the Company exercises joint control | | Key Management Personnel | | Relatives of Key Management Personnel | | Independent Directors | |
|----------------------------|--|---------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Remuneration paid | - | - | - | - | 309.35 | 301.08 | 29.27 | 26.63 | - | - |
| Sh. Hari Chand Aggarwal | | | | | 124.01 | 114.01 | | | | |
| Sh. Rajesh Aggarwal | | | | | 103.30 | 101.96 | | | | |
| Smt. Nikunj Aggarwal | | | | | 41.28 | 40.17 | | | | |
| Sandeep Aggarwal | | | | | 33.28 | 27.62 | | | | |
| Pankaj Gupta | | | | | - | 17.32 | | | | |
| Sandeep Kumar | | | | | 7.48 | | | | | |
| Anju Aggarwal | | | | | | | 11.11 | 10.21 | | |
| Sanjeev Aggarwal | | | | | | | 18.16 | 16.42 | | |
| Contribution to CSR | 148.78 | 93.70 | | | | | | | | |
| IIL foundation | 148.78 | 93.70 | | | | | | | | |
| Sitting fees | - | - | - | - | - | - | - | - | 7.00 | 13.00 |
| Mr Vinod Kumar Mittal | | | | | | | | | 1.50 | 2.75 |
| Mr. Deepak Gupta | | | | | | | | | 0.25 | 1.75 |
| Mr. Jayaraman Swaminathan | | | | | | | | | 2.50 | 4.00 |
| Mr. Navin Shah | | | | | | | | | 1.25 | 1.75 |
| Sh. Vrijesh Kumar Gupta | | | | | | | | | 1.50 | 2.75 |

(iii) Balance outstanding with related parties

| Particulars | Enterprises over which key management personnel and their relatives have control / significant influence | | | Entities over which the Company exercises joint control | | | Key Management Personnel | | | Relatives of Key Management Personnel | | |
|--|--|----------------------|---------------------|---|----------------------|---------------------|--------------------------|----------------------|---------------------|---------------------------------------|----------------------|---------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
| Remuneration payable | - | - | - | - | - | - | 13.95 | 22.14 | 16.54 | 1.90 | 2.01 | 1.92 |
| Sh. Hari Chand Aggarwal | - | - | - | - | - | - | 5.16 | 5.89 | 6.25 | - | - | - |
| Sh. Rajesh Aggarwal | - | - | - | - | - | - | 4.39 | 5.65 | 5.57 | - | - | - |
| Smt. Nikunj Aggarwal | - | - | - | - | - | - | 1.99 | 2.20 | 2.20 | - | - | - |
| Sanjeev Aggarwal | - | - | - | - | - | - | - | - | - | 1.05 | 1.20 | 1.10 |
| Anju Aggarwal | - | - | - | - | - | - | - | - | - | 0.85 | 0.81 | 0.82 |
| Sandeep Aggarwal | - | - | - | - | - | - | 1.71 | 1.47 | 1.65 | - | - | - |
| Pankaj Gupta | - | - | - | - | - | - | - | 6.93 | 0.87 | - | - | - |
| Sandeep Kumar | - | - | - | - | - | - | 0.70 | - | - | - | - | - |
| Payables | 1,390.20 | 99.95 | 166.39 | - | - | - | - | - | - | 0.66 | 0.66 | 0.65 |
| Paras Agro Industries | - | 12.46 | 4.49 | - | - | - | - | - | - | - | - | - |
| Evergreen Mineral Industries | - | 2.31 | - | - | - | - | - | - | - | - | - | - |
| Vinod Metal Industries | 35.32 | 28.05 | 24.71 | - | - | - | - | - | - | - | - | - |
| Valves & Pneumatics | - | - | 0.08 | - | - | - | - | - | - | - | - | - |
| Crystal Crop Protection Pvt Ltd | 1,247.66 | - | 134.69 | - | - | - | - | - | - | - | - | - |
| HPM Chemical & Fertilizers Limited | 82.17 | 56.22 | - | - | - | - | - | - | - | - | - | - |
| ISEC Organics Ltd | 0.06 | - | - | - | - | - | - | - | - | - | - | - |
| Crop Care Federation of India | 7.56 | 0.91 | 2.42 | - | - | - | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | 17.43 | - | - | - | - | - | - | - | - | - | - | - |
| Sonia Aggarwal | - | - | - | - | - | - | - | - | - | 0.66 | 0.66 | 0.65 |
| Advances given | 0.31 | 5.43 | 3.82 | - | - | - | - | - | - | - | - | - |
| Evergreen Mineral Industries | 0.31 | - | 1.87 | - | - | - | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | - | 5.43 | 1.95 | - | - | - | - | - | - | - | - | - |

(iv) **Key management personnel compensation**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|------------------------------|---------------------------|---------------------------|
| Short-term employee benefits | 278.73 | 293.36 |
| Post-employment benefits | 30.62 | 6.68 |
| Long-term employee benefits | - | 1.04 |
| Total | 309.35 | 301.08 |

(v) **Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

38. CONTINGENT LIABILITIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|----------------------|----------------------|---------------------|
| a) Bank Guarantee | 326.93 | 277.93 | 265.93 |
| b) Excise Matter with Appellate Authority, New Delhi (Period Covered – September 2004 to August 2007) | 352.10 | - | 186.11 |
| c) Sales Tax Matters | 397.57 | 373.16 | 542.05 |
| d) Bank charges against CC Limit | - | - | 22.87 |
| e) Revenue Department | 89.60 | 89.60 | - |
| Total | 1,166.20 | 740.69 | 1,016.96 |

With respect to contingent liabilities reported at (b), (c) & (e) above, the management has taken an opinion from the legal advisors / professionals engaged by them and expects that the appeals will be decided in the favor. Therefore, the probability of outflow of resources is remote.

39. COMMITMENTS

a) **Commitments with respect to:**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|----------------------------------|----------------------|----------------------|---------------------|
| Letter of Credits (FLC & ILC) | 3,915.66 | 12,236.23 | 7,106.87 |
| Import Bills Accepted with Banks | - | 644.62 | 1,013.41 |
| | 3,915.66 | 12,880.85 | 8,120.28 |

b) **Capital commitments** - Estimated amount of Contracts remaining to be executed on capital accounts (net of advances) and not provided for INR 201.30 {(March 31, 2017- NIL (April 1, 2016 - INR NIL)}.

c) **Lease commitments**

Aggregate lease payments made under cancellable operating leases during the year is INR 346.63 (March 31, 2017: INR 333.39). There were no non-cancellable operating leases.

40. EARNINGS PER SHARE

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---------------------------|---------------------------|
| Profit for the year | 8,397.36 | 5,939.90 |
| Weighted average number of shares (Face value INR Rs 10/- each) | 20,667,796 | 20,667,796 |
| (a) Basic earnings per share (INR) | 40.63 | 28.74 |
| (b) Diluted earnings per share (INR)* | 40.63 | 28.74 |

* There are no dilutive potential equity shares.

41. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|----------|----------------------|----------------------|---------------------|
| Current | | | | |
| Financial assets | | | | |
| <i>First charge</i> | | | | |
| Trade receivables | 10(a) | 23,481.20 | 21,161.46 | 20,525.74 |
| Loans | 10(d) | 5.96 | 0.66 | 1.28 |
| Other financial assets | 10(e) | 327.95 | 455.41 | 674.69 |
| | | 23,815.11 | 21,617.53 | 21,201.71 |
| Non-financial assets | | | | |
| Inventories | 9 | 40,728.95 | 42,577.66 | 35,060.38 |
| Other current assets | 11 | 569.26 | 562.69 | 454.27 |
| Total current assets pledged as security | | 65,113.32 | 64,757.88 | 56,716.36 |

| | Note No. | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|----------|----------------------|----------------------|---------------------|
| Non-Current | | | | |
| Financial assets | | | | |
| <i>First charge</i> | | | | |
| Security deposits | 6(b) | 160.50 | 157.10 | 172.46 |
| Non-financial assets | | | | |
| Property, plant and equipment | 3 | 22,837.65 | 18,137.13 | 19,110.01 |
| Capital work-in-progress | 3 | 1,268.32 | 5,694.57 | 5,071.31 |
| Other non-current assets | 7 | 636.23 | 54.94 | 97.06 |
| Total non-currents assets pledged as security | | 24,902.70 | 24,043.74 | 24,450.84 |
| Total assets pledged as security | | 90,016.02 | 88,801.62 | 81,167.20 |

42. The Balances shown under the head Trade Receivables and Trade Payables are subject to confirmation and reconciliations. However, the Company has initiated the process of obtaining confirmations from trade receivables and payables.
43. Amount due to Micro & Small enterprises under MSMED Act, 2006 is INR 825.86 (March 31, 2017: Nil, April 01, 2016: Nil). There are no overdue amounts payable to Micro, Small and Medium enterprises as required by Micro, Small & Medium Enterprises Development Act, 2006, as on the Balance Sheet date to the extent such enterprises have been identified based on information available with the company. In view of this there is no overdue interest payable.

44. First time adoption of Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

These financial statements, for the year ended March 31, 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Previous GAAP or Indian GAAP. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Previous GAAP or Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following notes and tables:

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

1. Ind AS optional exemptions

a) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment including capital work-in-progress as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for intangible assets including intangible assets under development covered by Ind AS 38 Intangible assets.

Accordingly, the Company has elected to measure all of the mentioned assets at their previous GAAP carrying value.

b) Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVTOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

c) Derivatives

The Company has measured all derivatives at fair value at the date of transition and de-recognised all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.

d) Determining whether an arrangement contain a lease

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 lease contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place at the date of transition.

2. Ind AS mandatory exceptions

a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 and March 31, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following item in accordance with Ind AS at the date of transition as this was not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model.
- Derivatives

b) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from a date of entity's choosing provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets into amortised cost or FVTOCI on the basis of the facts and circumstances that exist at the date of transition to Ind AS, if retrospective application is impracticable.

Accordingly, the Company has determined the classification and measurement of financial assets into amortised cost or FVTOCI based on the facts and circumstances that exist on the date of transition.

B. RECONCILIATION BETWEEN PREVIOUS GAAP AND IND AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

RECONCILIATION OF EQUITY AS AT DATE OF TRANSITION (APRIL 1, 2016)

| Particulars | Notes to first time adoption | Previous GAAP* | Adjustments | Ind AS |
|---|------------------------------|------------------|-----------------|------------------|
| ASSETS | | | | |
| 1 NON-CURRENT ASSETS | | | | |
| (a) Property, plant and equipment | 1 | 19,134.93 | (24.92) | 19,110.01 |
| (b) Capital work-in-progress | | 5,071.31 | - | 5,071.31 |
| (c) Intangible assets | | 259.61 | - | 259.61 |
| (d) Intangible assets under development | | 51.26 | - | 51.26 |
| (e) Investment in joint venture | | 795.00 | - | 795.00 |
| (f) Financial Assets | | | | - |
| (i) Investments | 2 | 313.54 | (7.06) | 306.48 |
| (ii) Others | 3 | 196.72 | 66.86 | 263.58 |
| (g) Other non-current assets | 3 | 686.23 | (125.44) | 560.79 |
| (h) Non-current tax assets (net) | | 196.44 | - | 196.44 |
| TOTAL NON-CURRENT ASSETS | | 26,705.04 | (90.56) | 26,614.48 |
| 2 CURRENT ASSETS | | | | |
| (a) Inventories | | 35,060.38 | - | 35,060.38 |
| (b) Financial Assets | | | | - |
| (i) Trade receivables | 4 | 20,763.93 | (238.19) | 20,525.74 |
| (ii) Cash and cash equivalents | | 711.53 | - | 711.53 |
| (iii) Bank balances other than (ii) above | | 236.67 | - | 236.67 |
| (iv) Loans | | 1.28 | - | 1.28 |
| (v) Others | 3 | 526.05 | 148.64 | 674.69 |
| (c) Other current assets | | 5,723.94 | - | 5,723.94 |
| TOTAL CURRENT ASSETS | | 63,023.78 | (89.55) | 62,934.23 |
| TOTAL ASSETS | | 89,728.82 | (180.11) | 89,548.71 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| (a) Equity Share capital | | 2,066.78 | - | 2,066.78 |
| (b) Other Equity | | 38,822.98 | (362.92) | 38,460.06 |
| Total equity | | 40,889.76 | (362.92) | 40,526.84 |
| LIABILITIES | | | | |
| 1 NON-CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 3 | 2,829.99 | 75.00 | 2,904.99 |
| (b) Provisions | | 56.03 | - | 56.03 |
| (c) Deferred tax liabilities (net) | 5 | 485.65 | (177.64) | 308.01 |
| TOTAL NON-CURRENT LIABILITIES | | 3,371.67 | (102.64) | 3,269.03 |
| 2 CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 3 | 15,197.73 | (60.80) | 15,136.93 |
| (ii) Trade Payables | | 21,171.54 | - | 21,171.54 |
| (iii) Other financial liabilities | 3 | 3,936.86 | 346.25 | 4,283.11 |
| (b) Provisions | | 84.00 | - | 84.00 |
| (c) Other current liabilities | | 5,077.26 | - | 5,077.26 |
| TOTAL CURRENT LIABILITIES | | 45,467.39 | 285.45 | 45,752.84 |
| TOTAL EQUITY AND LIABILITIES | | 89,728.82 | (180.11) | 89,548.71 |

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

RECONCILIATION OF EQUITY AS AT MARCH 31, 2017*

| Particulars | Notes to first time adoption | Previous GAAP* | Adjustments | Ind AS |
|---|------------------------------|------------------|-----------------|------------------|
| ASSETS | | | | |
| 1 NON-CURRENT ASSETS | | | | |
| (a) Property, plant and equipment | 1 | 18,166.60 | (29.47) | 18,137.13 |
| (b) Capital work-in-progress | | 5,694.57 | - | 5,694.57 |
| (c) Intangible assets | | 322.10 | - | 322.10 |
| (d) Intangible assets under development | | 123.50 | - | 123.50 |
| (e) Investment in joint venture | | 795.00 | - | 795.00 |
| (f) Financial Assets | | - | - | - |
| (i) Investments | 2 | 313.54 | (3.25) | 310.29 |
| (iii) Others | 3 | 183.00 | 11.70 | 194.70 |
| (g) Other non-current assets | | 512.32 | - | 512.32 |
| (h) Non-current tax assets (net) | | 234.79 | - | 234.79 |
| TOTAL NON-CURRENT ASSETS | | 26,345.42 | (21.02) | 26,324.40 |
| 2 CURRENT ASSETS | | | | |
| (a) Inventories | | 42,577.66 | - | 42,577.66 |
| (b) Financial Assets | | - | - | - |
| (i) Trade receivables | 4 | 21,463.91 | (302.45) | 21,161.46 |
| (ii) Cash and cash equivalents | | 684.86 | - | 684.86 |
| (iii) Bank balances other than (ii) above | | 237.17 | - | 237.17 |
| (iv) Loans | | 0.66 | - | 0.66 |
| (v) Others | 3 | 408.63 | 46.78 | 455.41 |
| (c) Other current assets | 3 | 6,481.70 | (82.25) | 6,399.45 |
| TOTAL CURRENT ASSETS | | 71,854.59 | (337.92) | 71,516.67 |
| TOTAL ASSETS | | 98,200.01 | (358.94) | 97,841.07 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| (a) Equity Share capital | | 2,066.78 | - | 2,066.78 |
| (b) Other Equity | | 44,635.81 | (246.89) | 44,388.92 |
| TOTAL EQUITY | | 46,702.59 | (246.89) | 46,455.70 |
| LIABILITIES | | | | |
| 1 NON-CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 3 | 1,528.50 | 13.26 | 1,541.76 |
| (b) Provisions | | 50.73 | - | 50.73 |
| (c) Deferred tax liabilities (net) | 5 | 1,007.13 | (114.49) | 892.64 |
| TOTAL NON-CURRENT LIABILITIES | | 2,586.36 | (101.23) | 2,485.13 |
| 2 CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 3 | 20,624.19 | (28.65) | 20,595.54 |
| (ii) Trade Payables | | 19,868.41 | - | 19,868.41 |
| (iii) Other financial liabilities | 3 | 3,177.58 | 17.83 | 3,195.41 |
| (b) Provisions | | 85.49 | - | 85.49 |
| (c) Other current liabilities | | 5,155.39 | - | 5,155.39 |
| TOTAL CURRENT LIABILITIES | | 48,911.06 | (10.82) | 48,900.24 |
| TOTAL EQUITY AND LIABILITIES | | 98,200.01 | (358.94) | 97,841.07 |

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2017

| Particulars | Notes to first time adoption | Previous GAAP* | Adjustments | Ind AS |
|---|------------------------------|-------------------|-------------------|-------------------|
| Revenue from operations | 6 | 110,739.77 | (3,112.87) | 107,626.90 |
| Other Income | 3 | 223.13 | 459.61 | 682.74 |
| Total Income | | 110,962.90 | (2,653.26) | 108,309.64 |
| Expenses | | | | |
| Cost of raw material and components consumed | | 62,890.63 | - | 62,890.63 |
| Purchase of Traded Goods | | 14,286.19 | - | 14,286.19 |
| Changes in inventories of finished goods, work-in-progress and traded goods | | (2,950.75) | - | (2,950.75) |
| Excise Duty | 6 | - | 8,205.90 | 8,205.90 |
| Employee benefits expense | 7 | 4,572.28 | (21.37) | 4,550.91 |
| Finance Costs | | 2,023.29 | - | 2,023.29 |
| Depreciation and amortization expense | 1 | 1,595.67 | 4.54 | 1,600.21 |
| Other expenses | 3,4,6 | 20,545.69 | (11,039.06) | 9,506.63 |
| Total expenses | | 102,963.00 | (2,849.99) | 100,113.01 |
| Profit before tax | | 7,999.90 | 196.73 | 8,196.63 |
| Tax Expenses | | | | |
| - Current Tax | 7 | 2,065.58 | 7.40 | 2,072.98 |
| - Deferred Tax | 5 | 121.49 | 62.26 | 183.75 |
| Total Tax Expenses | | 2,187.07 | 69.66 | 2,256.73 |
| Profit for the period | | 5,812.83 | 127.07 | 5,939.90 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Changes in fair value of FVTOCI equity instruments | 2 | - | 3.81 | 3.81 |
| Remeasurement of net defined benefit plans | 7 | - | (21.37) | (21.37) |
| Income tax relating to these items | 5,7 | - | 6.52 | 6.52 |
| Other comprehensive income for the period (net of tax) | | - | (11.04) | (11.04) |
| Total comprehensive income for the period | | 5,812.83 | 116.03 | 5,928.86 |

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

RECONCILIATION OF TOTAL EQUITY AS AT MARCH 31, 2017 AND APRIL 1, 2016

| Particulars | Notes to first time adoption | As at March 31, 2017 | As at April 1, 2016 |
|---|------------------------------|----------------------|---------------------|
| Total equity (shareholder's fund) as per previous GAAP | | 46,702.59 | 40,889.76 |
| Adjustments: | | | |
| Fair valuation of derivatives | 3 | (26.21) | (270.38) |
| Fair valuation of FVTOCI investments | 2 | (3.25) | (7.06) |
| Expected credit loss on trade receivables | 4 | (302.45) | (238.19) |
| Depreciation on leasehold land | 1 | (29.47) | (24.92) |
| Tax impact | 5 | 114.49 | 177.63 |
| Total adjustments | | (246.89) | (362.92) |
| Total equity as per Ind AS | | 46,455.70 | 40,526.84 |

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2017

| Particulars | Notes to first time adoption | Year ended March 31, 2017 |
|---|------------------------------|---------------------------|
| Profit after tax as per previous GAAP | | 5,812.83 |
| Adjustments: | | |
| Fair valuation of derivatives | 3 | 244.16 |
| Expected credit loss on trade receivables | 4 | (64.26) |
| Remeasurements of defined benefit obligations | 7 | 21.37 |
| Depreciation on leasehold land | 1 | (4.54) |
| Tax impact | 5,7 | (69.66) |
| Total adjustments | | 127.07 |
| Profit after tax as per Ind AS | | 5,939.90 |
| Other comprehensive income | 2,5,7 | (11.04) |
| Total comprehensive income as per Ind AS | | 5,928.86 |

1 Leasehold land

Under Previous GAAP, land leases under perpetual leases were not depreciated. However, Ind AS requires such land leases (which do not provide an option to renew) to be depreciated over the lease term. Accordingly, property, plant and equipment is decreased by INR 29.47 (April 1, 2016 - INR 24.92), profit for the year has decreased by INR 4.54 and total equity has as at March 31, 2017 decreased by INR 29.47 (April 1, 2016 - INR 24.92).

2 Fair valuation of investments

Under Previous GAAP, the Company recognised long-term investments in equity shares at cost less provision for diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI and measured them at fair value through Other comprehensive income. This has decreased total equity by INR 2.50 as at March 31, 2017 (April 1, 2016 - INR 5.43). Other comprehensive income for the year ended March 31, 2017 increased by INR 2.93 (net of tax impact of INR 0.88). The investment in equity instruments decreased by INR 3.25 (April 1, 2016 - INR 7.06).

3 Derivative instruments

Under Previous GAAP, the forward premium was amortised as expense over the tenure of the swap. Further, the net mark-to market losses on derivative financial instruments, as at the Balance Sheet date, were recognised in statement of profit and loss and the net gains, if any, were ignored. Under Ind AS, such derivative financial instruments are to be recognised at fair value and the changes are recognised in statement of profit and loss. Therefore, unamortised premium as at March 31, 2017 amounting to INR 82.25 (April 1, 2016 - INR 125.44) presented under other current and non-current assets has been de-recognised. Further, forward contract payable amounting to INR 207.46 (April 1, 2016 - INR Nil) has also been de-recognised.

Under Ind AS, Derivative assets (non-current) amounting to INR 11.70 (April 1, 2016 - INR 66.86), derivative assets (current) amounting to INR 46.78 (April 1, 2016 - INR 148.64) and derivative liabilities (current) amounting to INR 170.96 (April 1, 2016 - INR 198.89) have been recorded.

Further, the associated long term borrowings have increased by 13.26 (April 1, 2016 - INR 75.00), short term borrowings have decreased by INR 28.65 (April 1, 2016 - INR 60.80), other financial liabilities have increased by INR 54.33 (April 1, 2016 - 147.36).

As a result of the above adjustments, profit for the year ended March 31, 2017 increased by INR 244.16 and total equity as on March 31, 2017 decreased by INR 26.21 (April 1, 2016 - 270.38).

4 Expected credit loss on receivables

Under Indian GAAP, Company has recognised specific amount towards impairment of Trade receivables on the basis of incurred losses. Under Ind AS, impairment allowance has been recognised based on Expected Credit Loss basis (ECL). As a result, the receivables decreased by INR 302.45 as at March 31, 2017 (April 1, 2016 - INR 238.19). Consequently, the total equity as at March 31, 2017 decreased by INR 302.45 (April 1, 2016 - INR 238.19) and profit for the year ended March 31, 2017 decreased by INR 64.26.

5 Deferred taxes

Under Previous GAAP, deferred taxes were recognized 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. In addition, the various transitional adjustments has led to temporary differences. Accordingly, Company has accounted for deferred tax on such differences in retained earnings and other comprehensive income. The net impact on deferred tax liabilities as at March 31, 2017 was a decrease of INR 114.49 (April 1, 2016 - INR 177.64). The profit and other comprehensive income for the year ended March 31, 2017 decreased by INR 62.26 and INR 0.88 respectively

6 Revenue from operations

Under Previous GAAP, discounts and incentives to customers were disclosed as an expense in the statement of profit and loss. Under Ind AS, such expenses have been netted off from revenue. Further, under previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. As a result revenue for the year ended March 31, 2017 is lower by INR 3,112.87 the other expenses have decreased by INR 11,318.77 and excise duty expense has increased by INR 8,205.90. There is no impact on total equity and profit.

7 Re-measurement of defined benefit obligations

Under Previous GAAP, re-measurements i.e. actuarial gains and losses and the return on plan assets (excluding amounts included in the net interest expense on the net defined benefit liability) were recognised in employee benefit expenses. Under Ind AS, such re-measurements are recognised in other comprehensive income (OCI). As a result of this change, the profit for the year ended March 31, 2017 has increased and OCI has decreased by INR 13.97 (net of current tax amounting to INR 7.40). There is no impact on the total equity as at March 31, 2017

8 Other comprehensive income

Under Previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Items of income and expense that are recognised in "other comprehensive income" includes remeasurements of defined benefit plans and fair value gains or (losses) on FVTOCI equity instruments. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9 Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

10 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows. Therefore, no reconciliation for the same has been presented.

As per our separate report of even date annexed herewith

FOR AND ON BEHALF OF THE BOARD

For Devesh Parekh & Co.
Chartered Accountants

For S. S. Kothari Mehta & Co.
Chartered Accountants

Hari Chand Aggarwal
Chairman
DIN: 00577015

Rajesh Aggarwal
Managing Director
DIN: 00576872

Devesh Parekh
Proprietor
Membership No.- 092160
Firm Registration No. - 013338N

Harish Gupta
Partner
Membership No.- 098336
Firm Registration No. - 000756N

Nikunj Aggarwal
Whole Time Director
DIN: 06569091

Place : Delhi
Date : May 28, 2018

Sandeep Aggarwal
Chief Financial Officer

Sandeep Kumar
Company Secretary

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To the Members of Insecticides (India) Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of **Insecticides (India) Limited** (hereinafter referred to as "the Company") and its Joint Venture – Oat & IIL India Laboratories Private Limited (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow statement 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").

Management's Responsibility for the Consolidated Ind AS financial statements

The Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS 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 income, Consolidated cash flows and Consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules made thereunder.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 Consolidated Ind AS 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 Company, as aforesaid.

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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments,

the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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.

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 gives 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 March 31, 2018, and its Consolidated financial performance (including other comprehensive income), the Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of the joint venture included herein with the Company's share of profit in joint venture of Rs. 31.77 Lacs for the year ended March 31, 2018. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us by the management. Our opinion in so far as it relates to the affairs of such joint venture, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid joint venture is based solely on the report of such other auditors.
- (b) The comparative financial information for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 prepared in accordance with Ind AS included in these consolidated financial statements, are based on previously issued statutory financial statements for the year ended 31st March, 2017 and 31st March, 2016 respectively prepared in accordance with Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose report dated 27th May, 2017 and 30th May, 2016 respectively expressed unmodified opinion on those consolidated financial statements, and have been adjusted for the differences in accounting principles adopted by the company on transition to Ind AS, which have been audited by us.

Our opinion on the Consolidated Ind AS 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 predecessor auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and

explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated 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 (including other comprehensive income), 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 accounts maintained for the purpose of preparation of Consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- e) On the basis of the written representations received from the directors of the company as on March 31, 2018 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its Joint Venture incorporated in India, none of the Directors of the Group is disqualified as on March 31, 2018 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 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".
- 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 Consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer to Note No. 39 to the Consolidated Ind AS financial statements.
 - ii. The Group have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For **Devesh Parekh & Co.**
Chartered Accountants
Firm's Reg. No. 013338N

For **S. S. Kothari Mehta & Co.**
Chartered Accountants
Firm's Reg. No. 000756N

Devesh Parekh
Proprietor
Membership No: 092160

Harish Gupta
Partner
Membership No: 098336

Place : Delhi
Date : May 28th, 2018

Annexure A” to the Independent Auditor’s Report of even date on the Consolidated Ind AS financial statements of Insecticides (India) Limited.

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

In conjunction with our audit of the Consolidated Ind AS financial statements of the company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **Insecticides (India) Limited** (‘the Company’).

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is

a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind AS 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, Company have maintained, 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, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Reporting on the adequacy of the internal financial controls over financial reporting of the Joint Venture and the operating effectiveness of such controls, under section 143(3)(i) of the Act is not applicable as per report of the auditors of such company.

For **Devesh Parekh & Co.**
 Chartered Accountants
 Firm's Reg. No. 013338N

For **S. S. Kothari Mehta & Co.**
 Chartered Accountants
 Firm's Reg. No. 000756N

Devesh Parekh
 Proprietor
 Membership No: 092160

Harish Gupta
 Partner
 Membership No: 098336

Place : Delhi
 Date : May 28th, 2018

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

| Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|----------|----------------------|----------------------|---------------------|
| ASSETS | | | | |
| 1 NON-CURRENT ASSETS | | | | |
| (a) Property, plant and equipment | 3 | 22,837.65 | 18,137.13 | 19,110.01 |
| (b) Capital work-in-progress | 3 | 1,268.32 | 5,694.57 | 5,071.31 |
| (c) Intangible assets | 4 | 319.32 | 322.10 | 259.61 |
| (d) Intangible assets under development | 4 | 413.91 | 123.50 | 51.26 |
| (e) Investment in joint venture | 5 | 820.09 | 788.14 | 757.99 |
| (f) Financial assets | | | | |
| (i) Investments | 6(a) | 831.09 | 310.29 | 306.48 |
| (ii) Other financial assets | 6(b) | 188.60 | 194.70 | 263.58 |
| (g) Other non-current assets | 7 | 1,087.27 | 512.32 | 560.79 |
| (h) Non-current tax assets (net) | 8 | 315.50 | 234.79 | 196.44 |
| TOTAL NON-CURRENT ASSETS | | 28,081.75 | 26,317.54 | 26,577.47 |
| 2 CURRENT ASSETS | | | | |
| (a) Inventories | 9 | 40,728.95 | 42,577.66 | 35,060.38 |
| (b) Financial Assets | | | | |
| (i) Trade receivables | 10(a) | 23,481.20 | 21,161.46 | 20,525.74 |
| (ii) Cash and cash equivalents | 10(b) | 1,956.32 | 684.86 | 711.53 |
| (iii) Bank balances other than (ii) above | 10(c) | 54.67 | 237.17 | 236.67 |
| (iv) Loans | 10(d) | 5.96 | 0.66 | 1.28 |
| (v) Other financial assets | 10(e) | 327.95 | 455.41 | 674.69 |
| (c) Other current assets | 11 | 5,394.23 | 6,399.45 | 5,723.94 |
| TOTAL CURRENT ASSETS | | 71,949.28 | 71,516.67 | 62,934.23 |
| TOTAL ASSETS | | 100,031.03 | 97,834.21 | 89,511.70 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| (a) Equity Share capital | 12 | 2,066.78 | 2,066.78 | 2,066.78 |
| (b) Other Equity | 13 | 52,717.33 | 44,382.06 | 38,423.05 |
| TOTAL EQUITY | | 54,784.11 | 46,448.84 | 40,489.83 |
| LIABILITIES | | | | |
| 1 NON-CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 14(a) | 828.41 | 1,541.76 | 2,904.99 |
| (b) Provisions | 15 | 56.50 | 50.73 | 56.03 |
| (c) Deferred tax liabilities (net) | 16 | 1,884.36 | 892.64 | 308.01 |
| TOTAL NON-CURRENT LIABILITIES | | 2,769.27 | 2,485.13 | 3,269.03 |
| 2 CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 17(a) | 9,676.25 | 20,595.54 | 15,136.93 |
| (ii) Trade Payables | 17(b) | 24,335.65 | 19,868.41 | 21,171.54 |
| (iii) Other financial liabilities | 17(c) | 2,449.71 | 3,195.41 | 4,283.11 |
| (b) Provisions | 18 | 29.27 | 85.49 | 84.00 |
| (c) Other current liabilities | 19 | 5,986.77 | 5,155.39 | 5,077.26 |
| TOTAL CURRENT LIABILITIES | | 42,477.65 | 48,900.24 | 45,752.84 |
| TOTAL EQUITY AND LIABILITIES | | 100,031.03 | 97,834.21 | 89,511.70 |

The accompanying notes are an integral part of the financial statements.

Summary of Significant Accounting Policies

Notes On Financial Statements

1 to 2

3 to 46

As per our separate report of even date annexed herewith

FOR AND ON BEHALF OF THE BOARD

For Devesh Parekh & Co.
Chartered Accountants

For S. S. Kothari Mehta & Co.
Chartered Accountants

Hari Chand Aggarwal
Chairman
DIN: 00577015

Rajesh Aggarwal
Managing Director
DIN: 00576872

Devesh Parekh
Proprietor
Membership No.- 092160
Firm Registration No. - 013338N

Harish Gupta
Partner
Membership No.- 098336
Firm Registration No. - 000756N

Nikunj Aggarwal
Whole Time Director
DIN: 06569091

Place : Delhi
Date : May 28, 2018

Sandeep Aggarwal
Chief Financial Officer

Sandeep Kumar
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

| Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|----------|---------------------------|---------------------------|
| INCOME | | | |
| Revenue from operations | 20 | 110,639.42 | 107,626.90 |
| Other Income | 21 | 324.11 | 682.74 |
| TOTAL INCOME | | 110,963.53 | 108,309.64 |
| EXPENSES | | | |
| Cost of raw material and components consumed | 22 | 65,140.36 | 62,890.63 |
| Purchase of Traded Goods | | 7,080.21 | 14,286.19 |
| Changes in inventories of finished goods, work-in-progress and traded goods | 23 | 4,121.97 | (2,950.75) |
| Excise Duty | | 3,314.30 | 8,205.90 |
| Employee benefits expense | 24 | 5,062.14 | 4,550.91 |
| Finance Costs | 25 | 1,591.76 | 2,023.29 |
| Depreciation and amortization expense | 26 | 1,704.59 | 1,600.21 |
| Other expenses | 27 | 11,138.48 | 9,506.63 |
| TOTAL EXPENSES | | 99,153.81 | 100,113.01 |
| Profit before tax and share of net profits of investments accounted for using equity method | | 11,809.72 | 8,196.63 |
| Share of net profit of joint venture accounted for using the equity method | 36 | 31.77 | 29.99 |
| PROFIT BEFORE TAX | | 11,841.49 | 8,226.62 |
| Tax Expenses | 29 | | |
| - Current Tax | | 3,560.30 | 2,072.98 |
| - Deferred Tax | | (147.94) | 183.75 |
| TOTAL TAX EXPENSES | | 3,412.36 | 2,256.73 |
| PROFIT FOR THE PERIOD | | 8,429.13 | 5,969.89 |
| Other comprehensive income | 30 | | |
| Items that will not be reclassified to profit or loss | | | |
| Changes in fair value of FVTOCI equity instruments | | 520.79 | 3.81 |
| Remeasurement of net defined benefit plans | | 6.11 | (21.37) |
| Share of other comprehensive income of joint venture accounted for using the equity method | | 0.25 | 0.24 |
| Income tax relating to these items | | (123.50) | 6.44 |
| Other comprehensive income for the period (net of tax) | | 403.65 | (10.88) |
| Total comprehensive income for the period (net of tax) | | 8,832.78 | 5,959.01 |
| Earnings per equity share | 41 | | |
| Basic earnings per share (INR) | | 40.78 | 28.88 |
| Diluted earnings per share (INR) | | 40.78 | 28.88 |

The accompanying notes are an integral part of the financial statements.
Summary of Significant Accounting Policies
Notes On Financial Statements

1 to 2
3 to 46

As per our separate report of even date annexed herewith

FOR AND ON BEHALF OF THE BOARD

For Devesh Parekh & Co.
Chartered Accountants

For S. S. Kothari Mehta & Co.
Chartered Accountants

Hari Chand Aggarwal
Chairman
DIN: 00577015

Rajesh Aggarwal
Managing Director
DIN: 00576872

Devesh Parekh
Proprietor
Membership No.- 092160
Firm Registration No. - 013338N

Harish Gupta
Partner
Membership No.- 098336
Firm Registration No. - 000756N

Nikunj Aggarwal
Whole Time Director
DIN: 06569091

Place : Delhi
Date : May 28, 2018

Sandeep Aggarwal
Chief Financial Officer

Sandeep Kumar
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

(A) Equity share capital (Refer note 12)

| Particulars | Amount |
|---------------------------------|-----------------|
| As at April 1, 2016 | 2,066.78 |
| Changes in equity share capital | - |
| As at March 31, 2017 | 2,066.78 |
| Changes in equity share capital | - |
| As at March 31, 2018 | 2,066.78 |

(B) Other equity (Refer note 13)

| Particulars | Reserves and surplus | | | Other reserves |
|--|----------------------|----------------------------|-----------------|-------------------------------------|
| | Retained earnings | Securities premium reserve | General reserve | FVTOCI reserve - equity instruments |
| Balance at April 1, 2016 | 24,816.78 | 10,410.18 | 3,201.52 | (5.43) |
| Profit for the year | 5,969.89 | - | - | - |
| Other comprehensive income | (13.81) | - | - | 2.93 |
| Total comprehensive income for the period | 5,956.08 | - | - | 2.93 |
| Balance at March 31, 2017 | 30,772.86 | 10,410.18 | 3,201.52 | (2.50) |
| Profit for the year | 8,429.13 | - | - | - |
| Other comprehensive income | 4.18 | - | - | 399.47 |
| Total comprehensive income for the period | 8,433.31 | - | - | 399.47 |
| Dividend paid during the year | (413.35) | | | |
| Tax on Dividend paid | (84.16) | | | |
| Balance at March 31, 2018 | 38,708.66 | 10,410.18 | 3,201.52 | 396.97 |

The accompanying notes are an integral part of the financial statements.

Summary of Significant Accounting Policies

1 to 2

Notes On Financial Statements

3 to 46

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FOR AND ON BEHALF OF THE BOARD

For Devesh Parekh & Co.
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For S. S. Kothari Mehta & Co.
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Membership No.- 092160
Firm Registration No. - 013338N

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Partner
Membership No.- 098336
Firm Registration No. - 000756N

Nikunj Aggarwal
Whole Time Director
DIN: 06569091

Place : Delhi
Date : May 28, 2018

Sandeep Aggarwal
Chief Financial Officer

Sandeep Kumar
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| (A) Cash Flow From Operating Activities | | |
| Net profit before tax | 11,809.72 | 8,196.63 |
| Adjustment on account of | | |
| - Depreciation | 1,704.59 | 1,600.21 |
| - (Profit)/ Loss on Sale of Assets | 23.06 | 40.93 |
| - Miscellaneous Expenses | 6.34 | 6.34 |
| - Interest Income | (32.66) | (21.62) |
| - Dividend Income | (8.03) | (6.35) |
| - Interest Expenses | 1,591.76 | 2,023.29 |
| - Provision for impairment of trade receivables | 101.22 | 64.26 |
| - Derivative (gain) / loss | (212.60) | 215.44 |
| - Unrealised exchange differences | (25.01) | (122.61) |
| Operating Profit Before Working Capital Changes | 14,958.39 | 11,996.52 |
| Adjustments for | | |
| - (Increase)/Decrease in security deposits | (3.40) | 15.36 |
| - (Increase)/Decrease in inventories | 1,848.71 | (7,517.28) |
| - (Increase)/Decrease in trade receivables | (2,420.96) | (699.98) |
| - (Increase)/Decrease in loans | (5.30) | 0.62 |
| - (Increase)/Decrease in other financial assets | 96.23 | 117.35 |
| - (Increase)/Decrease in other current assets | 1,005.22 | (675.51) |
| - (Increase)/Decrease in provisions | (44.34) | (25.18) |
| - Increase/(Decrease) in trade payables | 4,467.24 | (1,303.13) |
| - Increase/(Decrease) in other financial liabilities | 45.86 | 118.06 |
| - Increase/(Decrease) in other current liabilities | 831.38 | 78.13 |
| Cash generated from operations | 20,779.03 | 2,104.96 |
| Less: Income tax paid | (2,624.78) | (1,703.93) |
| Net Cash Flow from Operating Activities (A) | 18,154.25 | 401.03 |
| (B) Cash Flow From Investing Activities | | |
| - Addition to property, plant and equipment and intangible assets | (2,817.76) | (1,439.67) |
| - Proceeds from sale of property plant and equipment | 16.18 | 50.06 |
| - Interest received | 32.66 | 21.62 |
| - Proceeds from / (investment in) bank deposits | 180.02 | (2.45) |
| - Dividends received | 6.61 | 6.42 |
| Net Cash Flow used in Investing Activities (B) | (2,582.29) | (1,364.02) |
| (C) Cash Flow From Financing Activities | | |
| - Repayment of long term borrowings | (1,256.18) | (2,417.12) |
| - Proceeds/(Repayment) from/of short term borrowings | (10,947.94) | 5,426.46 |
| - Interest paid | (1,598.87) | (2,073.02) |
| - Dividend paid | (497.51) | - |
| Net Cash Flow (used in) / from Financing Activities (C) | (14,300.50) | 936.32 |
| Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C) | 1,271.46 | (26.67) |
| Cash and Cash Equivalents at the beginning of the year | 684.86 | 711.53 |
| Cash and Cash Equivalents at the end of the year | 1,956.32 | 684.86 |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|-------------------------|-------------------------|
| Balances with banks | | |
| On current accounts | 1,948.17 | 677.38 |
| Cash on hand | 8.15 | 7.48 |
| Total cash and cash equivalents | 1,956.32 | 684.86 |

Amendments to Ind AS 7 Statement of cash flows

The amendments require Group to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendments are effective for annual periods beginning on or after April 1, 2017. Therefore, the Group has not provided comparative information of preceding period.

| Particulars | Non cash change | | | As at March 31, 2018 |
|---|------------------------|--------------------|--------------------------------------|-------------------------|
| | As at April 1, 2017 | Cash flows | Unrealised exchange difference | |
| Long term borrowings (including current maturities) | 3,068.26 | (1,256.18) | (52.63) | 1,759.45 |
| Short term borrowings | 20,595.54 | (10,947.94) | 28.65 | 9,676.25 |
| | 23,663.80 | (12,204.12) | (23.98) | 11,435.70 |

The accompanying notes are an integral part of the financial statements.

Summary of Significant Accounting Policies

1 to 2

Notes On Financial Statements

3 to 46

As per our separate report of even date annexed herewith

FOR AND ON BEHALF OF THE BOARD

For Devesh Parekh & Co.
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Nikunj Aggarwal
Whole Time Director
DIN: 06569091

Place : Delhi
Date : May 28, 2018

Sandeep Aggarwal
Chief Financial Officer

Sandeep Kumar
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Corporate Information

Insecticides (India) Limited ("The Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act. The shares of the Company are listed in India on the Bombay Stock Exchange Limited and National Stock Exchange. The registered office of the Company is located at 401-402, Lusa Tower, Azadpur Commercial Complex, Delhi, 110033. The Company is engaged in the manufacturing activities of Agro Chemicals, Pesticides and Technical Products for agriculture purposes. The Company caters to both domestic and international markets.

OAT and IIL India Laboratories Private Limited was incorporated on March 6, 2013, as per joint venture agreement dated December 26, 2012 between OAT Agro Co., Ltd., Japan and the Company (co-venturers), to undertake Scientific and Technical Research Experiment, Product Development, Bio-equivalency Studies and Developing New Chemical Entities (NCEs) for the co-venturers.

Insecticides (India) Limited together with OAT & IIL India Lab (P) Ltd. is hereinafter referred to as the "Group".

The Group's financial statements were authorised for issue in accordance with a resolution of the directors on May 28, 2018.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules, 2016.

For all periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 are the first financial statements of the Group prepared in accordance with Ind AS. Refer to note 45 for information on how the Group 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 or revalued amount

- Derivative financial instruments
- Plan assets of defined employee benefit plans
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency and all values are rounded to the nearest lacs, except when otherwise indicated. Figures appearing as "0.00" represent amounts below INR 500.

2.2. Basis of consolidation

Joint venture

- A joint venture is a joint arrangement whereby parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint ventures are initially recognised at cost and thereafter accounted for using the equity method.
- Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and other comprehensive income of the investee in the Consolidated Statement of Profit and Loss and Other Comprehensive Income of the Group. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.
- When the Group's share of losses in a joint venture equals or exceeds its investment in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.
- Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where the accounting policies of joint ventures are different from those of the Group, appropriate adjustments are made for like transactions and events in similar circumstances to ensure conformity with the policies adopted by the Group.
- Any gain or loss on dilution arising on a reduced stake in the joint venture, but still retaining the joint control, is recognized in the Consolidated Statement of Profit and Loss.
- When the investment ceases to be a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value with the change in carrying amount recognised in the Consolidated Statement of Profit and Loss. The fair value of the retained interest becomes the initial carrying amount for the purpose of accounting for the retained interest as an associate or as a financial asset. Any amounts previously recognised in other comprehensive income in respect of that joint venture are reclassified to the Consolidated Statement of Profit and Loss.
- With respect to consolidation of OAT and IIL India Laboratories Private Limited, the Group has considered the ownership ratio of 20% as prescribed in the joint venture agreement for recognising its share of profits/losses.

2.3. Summary of significant accounting policies

(a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- 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.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities

(b) **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.

Revenue is stated inclusive of excise duty and excludes sales tax/ value added tax (VAT) / Goods and Service Tax (GST).

The specific recognition criteria described below must also be met before revenue is recognised.

Sales 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, usually on delivery of the goods. 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, volume rebates and cash discounts.

Rendering of services

Income from services are recognized as and when the services are rendered.

In respect of Company's Joint Venture

Revenue from Research & Development services are recognized when services are rendered and related cost is incurred.

Interest income

For all financial instruments measured either at amortised cost or fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the Statement of Profit and Loss.

Export Incentives

Export incentives are recognized in the Statement of Profit and Loss when the right to receive incentives is established in respect of exports made and when there is no significant uncertainty regarding the collection of the relevant export proceeds.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(c) **Property, plant and equipment**

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

Items of property, plant and equipment and capital work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. 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. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. 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. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred. In respect of additions to /deletions from the property, plant and equipment, depreciation is provided on pro-rata basis with reference to the month of addition/ deletion of the assets.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of 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. Depreciation on remaining items of property, plant & equipment has been provided on Straight Line Method based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

Estimated useful lives of the assets are as follows:

| Nature of Tangible Assets | Useful Life (years) |
|----------------------------------|--|
| Plant & Equipments | 10 – 15 |
| Building | 30 |
| Laboratory Equipments | 10 |
| Office Equipments | 5 |
| Furniture, Fixtures & Equipments | 10 |
| Vehicles | 8-10 |
| Leasehold improvements | Over the period of lease or useful life whichever is lower |

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Leasehold Land:

Leasehold land is amortised on straight line basis over the period of lease. No depreciation is provided for leasehold land when the leases are renewable at the option of the Group for a further period of 99 years at the end of the lease period of 99 years, without / with marginal payment of further premium.

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.

(d) **Intangible assets**

The Group has measured intangible assets at carrying value as recognised in the financial statements as on transition date i.e. April 1, 2016 which has become its deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with finite life are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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 unless such expenditure forms part of carrying value of another asset.

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 and Loss when the asset is derecognised.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate technical and commercial feasibility of making the asset available for use or sale.

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 unless such expenditure forms part of carrying value of another asset.

A summary of the policies applied to the Company's intangible assets is as follows:-

| Intangible assets | Useful Life (years) | Amortisation method used |
|---------------------------------|---------------------|----------------------------------|
| Computer Software | 8 | Amortised on straight-line basis |
| Websites | 2 | Amortised on straight-line basis |
| Patents, trademarks and designs | 10 | Amortised on straight-line basis |

(e) **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.

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.

(f) **Foreign currencies**

Transactions and Balances

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year, are translated at the closing rates prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the Statement of Profit and Loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

Foreign exchange difference on foreign currency borrowings, settlement gain/loss and fair value gain/loss on derivative contract relating to borrowings are accounted and disclosed under finance cost. Such exchange difference does not include foreign exchange difference regarded as an adjustment to the borrowings cost and capitalised with cost of assets.

(g) **Fair value measurement**

The Group measures financial instruments, such as, derivatives and equity investments 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:

- a) In the principal market for the asset or liability, or
- b) 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 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:

- a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- c) 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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (note 33)
- Financial instruments (including those carried at amortised cost) (note 6, 10, 14 and 17)

(h) **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date 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 reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.3(e)). Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(i) **Inventories**

The items of inventories are measured at cost after providing for obsolescence, if any. Cost of inventories comprise of cost of purchase, cost of conversion and appropriate portion of variable and fixed proportion overheads and such other costs incurred in bringing them to their respective present location and condition including excise duty wherever applicable. Fixed production overheads are based on normal capacity of production facilities.

Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

Semi-finished products, finished products and by-products are valued at lower of cost or net realisable value. Cost of finished goods includes excise duty, as applicable.

Traded goods are valued at lower of cost and net realizable value.

Cost of raw material, process chemicals, stores and spares packing materials, trading and other products are determined on weighted average basis.

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.

(j) **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 cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(k) **Provisions and contingent liabilities**

Provisions are recognised 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. 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 recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

(l) **Retirement and other employee benefits**

Provident Fund and Employee State Insurance is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the Statement of Profit and Loss in the year when employee rendered related services.

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Group in the form of a qualifying insurance policy.

The Group has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is unfunded.

Re-measurement, comprising of actuarial gains and losses, the effect of asset ceiling, excluding amounts included in the 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 in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

(m) **Financial instruments**

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

Financial assets

Initial recognition and measurement

All financial assets are recognised 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Debt instruments at amortised cost
- b) Debt instruments at fair value through other comprehensive income (FVTOCI)
- c) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- d) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade receivables, security deposits & other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes 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 Company's consolidated balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) 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 recognise the transferred asset to the extent of the Company'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.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade and other receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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-month 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 entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables 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. On that basis, the Group estimates the following provision matrix at the reporting date:

| Not due | 0-90 days | 90-180 days | 180-360 days | 360-720days | More than 720 days |
|---------|-----------|-------------|--------------|-------------|--------------------|
| 0.10% | 0.20% | 0.50% | 5.00% | 50.00% | 100.00% |

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

(n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised 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 cash credits and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation 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 amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings. For more information refer note 14 and 17

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.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Derecognition

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

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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(o) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, currency swaps, options and forward contracts to hedge its interest rate and foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured 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.

(p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(q) Dividend

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(r) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions 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 liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b) In respect of taxable temporary differences associated with interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (in other comprehensive income). Deferred tax items are recognised in correlation to the underlying transaction either in Statement of Profit and Loss or in OCI.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Group will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(s) **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 assets.

Export Benefits

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation has been accounted by making suitable adjustments in raw material consumption.

(t) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders after deducting preference dividend and attributable taxes by the weighted average number of equity shares outstanding during the period.

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

(u) **Segment reporting**

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices. The Group has identified the Managing Director as the CODM who assesses the financial performance and makes strategic decisions. Refer note 37 for segment information presented.

(v) **Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 and has amended the following standards:

Ind AS 115 Revenue from contracts with customers

Ind AS 115 was issued on March 29, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018.

The Group is currently evaluating the requirements of the new standard and the effect on the financial statements is being evaluated.

Amendments to Ind AS 12 Recognition of deferred tax assets for unrealised losses

The amendments clarify that the Company needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how the Company should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Company is required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. The Company applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. The Group is currently evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the Company must determine the transaction date for each payment or receipt of advance consideration.

The Company may apply the Appendix requirements on a fully retrospective basis. Alternatively, the Company may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the Company first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the Company first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. The Group is currently evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Transfers of investment property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after April 1, 2018. However, this standard is not applicable on the Group.

Ind AS 28 Investments in associates and joint ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- The Company that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If the Company, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from April 1, 2018. However, this amendment is not applicable to the Group.

Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

As at 31 March 2018, the Group these amendments do not affect the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

3. Property, plant and equipment and capital work-in-progress Property, plant and equipment

| Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | NET CARRYING AMOUNT | | |
|-----------------------------|------------------------------|-----------------|-------------------|------------------------------|------------------------------|---------------------------|------------------------|------------------------------|----------------------|----------------------|
| | Balance as at April 01, 2017 | Addition | Sale / Adjustment | Balance as at March 31, 2018 | Balance as at April 01, 2017 | Depreciation for the year | | Balance as at March 31, 2018 | As at March 31, 2018 | As at March 31, 2017 |
| | | | | | | Depreciation | Disposal / adjustments | | | |
| Freehold land | 84.54 | - | - | 84.54 | - | - | - | - | 84.54 | 84.54 |
| Finance lease assets - Land | 2,001.72 | - | - | 2,001.72 | 4.54 | 4.59 | - | 9.13 | 1,992.59 | 1,997.18 |
| Buildings | 5,798.20 | 1,534.91 | - | 7,333.11 | 202.01 | 218.15 | - | 420.16 | 6,912.95 | 5,596.19 |
| Plant and machinery | 9,067.58 | 4,500.78 | 4.50 | 13,563.86 | 968.88 | 1,019.41 | 1.80 | 1,986.49 | 11,577.37 | 8,098.70 |
| Roads | 1,330.39 | - | - | 1,330.39 | 153.71 | 153.72 | - | 307.43 | 1,022.96 | 1,176.68 |
| Office equipments | 81.38 | 6.05 | 0.01 | 87.42 | 16.38 | 17.77 | - | 34.15 | 53.27 | 65.00 |
| Furniture & fixtures | 176.64 | 8.70 | - | 185.34 | 21.11 | 20.87 | - | 41.98 | 143.36 | 155.53 |
| Electrical fittings | 296.75 | - | - | 296.75 | 42.07 | 43.32 | - | 85.39 | 211.36 | 254.68 |
| Computers | 103.79 | 8.72 | 0.10 | 112.41 | 33.39 | 29.70 | 0.05 | 63.04 | 49.37 | 70.40 |
| Vehicles | 738.14 | 314.25 | 42.74 | 1,009.65 | 99.91 | 132.45 | 12.59 | 219.77 | 789.88 | 638.23 |
| Total | 19,679.13 | 6,373.41 | 47.35 | 26,005.19 | 1,542.00 | 1,639.98 | 14.44 | 3,167.54 | 22,837.65 | 18,137.13 |

Capital Work In Progress

| Cost | Amount |
|-----------------------------|-----------------|
| As at April 1, 2016 | 5,071.31 |
| Additions | 672.67 |
| Capitalised during the year | (49.41) |
| As at March 31, 2017 | 5,694.57 |
| As at April 1, 2017 | 5,694.57 |
| Additions | 1,402.72 |
| Capitalised during the year | (5,828.97) |
| As at March 31, 2018 | 1,268.32 |

- a) **Capitalised borrowing costs** - All borrowing cost has been capitalised during the year. No amount has been transferred to Capital Work in Progress on account of borrowing cost during the year ended March 31, 2018. The detail thereof is as under:

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|---------------------------|---------------------------|
| Balance Amount included under the captioned head CWIP at the opening of the year | 2,412.91 | 1,936.69 |
| Amount of interest transfer from CWIP and Capitalised in respective Assets | 2,412.91 | - |
| Amount of interest transfer for Capitalisation under the Captioned Head - CWIP | - | 476.22 |
| Balance Amount included under the captioned head CWIP at the year end | - | 2,412.91 |

The weighted average rate for capitalisation of interest relating to general borrowings was approximately NIL and 10.70 % for the year ended March 31, 2018 and year ended March 31, 2017, respectively.

- b) **Contractual obligations** - Refer to note 40 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- c) **Capital work-in-progress** - Capital work in progress majorly comprises expenditure in the course of construction at Dahej Plant
- d) **Assets charged against borrowings** - Refer note 42 for property, plant and equipment pledged as security against current and non-current borrowings

3. Property, plant and equipment and capital work-in-progress Property, Plant and Equipment

| Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT | |
|-----------------------------|-----------------------------------|---------------|-------------------|------------------------------|-------------------------------|---------------------------|------------------------|------------------------------|----------------------|---------------------|
| | Deemed cost as at April 1, 2016 * | Addition | Sale / Adjustment | Balance as at March 31, 2017 | Balance as at April 1, 2016 * | Depreciation for the year | | Balance as at March 31, 2017 | As at March 31, 2017 | As at April 1, 2016 |
| | | | | | | Depreciation | Disposal / adjustments | | | |
| Freehold land | 84.54 | - | - | 84.54 | - | - | - | - | 84.54 | 84.54 |
| Finance lease assets - Land | 1,957.74 | 43.98 | - | 2,001.72 | - | 4.54 | - | 4.54 | 1,997.18 | 1,957.74 |
| Buildings | 5,713.01 | 85.19 | - | 5,798.20 | - | 202.01 | - | 202.01 | 5,596.19 | 5,713.01 |
| Plant and machinery | 8,859.51 | 215.33 | 7.26 | 9,067.58 | - | 970.68 | 1.80 | 968.88 | 8,098.70 | 8,859.51 |
| Roads | 1,330.39 | - | - | 1,330.39 | - | 153.71 | - | 153.71 | 1,176.68 | 1,330.39 |
| Office equipments | 44.11 | 38.95 | 1.68 | 81.38 | - | 16.41 | 0.03 | 16.38 | 65.00 | 44.11 |
| Furniture & fixtures | 158.22 | 18.42 | - | 176.64 | - | 21.11 | - | 21.11 | 155.53 | 158.22 |
| Electrical fittings | 283.17 | 13.58 | - | 296.75 | - | 42.07 | - | 42.07 | 254.68 | 283.17 |
| Computers | 93.72 | 10.47 | 0.40 | 103.79 | - | 33.45 | 0.06 | 33.39 | 70.40 | 93.72 |
| Vehicles | 585.60 | 246.86 | 94.32 | 738.14 | - | 110.69 | 10.78 | 99.91 | 638.23 | 585.60 |
| Total | 19,110.01 | 672.78 | 103.66 | 19,679.13 | - | 1,554.67 | 12.67 | 1,542.00 | 18,137.13 | 19,110.01 |

* The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of property, plant and equipment including capital work in progress as deemed cost. Refer note 45

4. Intangible assets

| Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED AMORTISATION | | | | NET CARRYING AMOUNT | |
|---------------------------------|------------------------------|--------------|-------------------|------------------------------|------------------------------|---------------------------|-----------------------|------------------------------|----------------------|----------------------|
| | Balance as on April 01, 2017 | Addition | Sale / Adjustment | Balance as on March 31, 2018 | Balance as on April 01, 2017 | Amortisation for the year | | Balance as on March 31, 2018 | As on March 31, 2018 | As on March 31, 2017 |
| | | | | | | Amortisation | Disposal / adjustment | | | |
| Software | 139.26 | - | 5.80 | 133.46 | 20.90 | 24.43 | 0.66 | 44.67 | 88.79 | 118.36 |
| Website | 0.04 | - | 0.04 | - | - | - | - | - | - | 0.04 |
| Patents, trademarks and designs | 228.34 | 68.16 | 1.15 | 295.35 | 24.64 | 40.18 | - | 64.82 | 230.53 | 203.70 |
| Total | 367.64 | 68.16 | 6.99 | 428.81 | 45.54 | 64.61 | 0.66 | 109.49 | 319.32 | 322.10 |

Intangible assets under development

| Cost | Amount |
|-------------------------------|---------------|
| As at April 1, 2016 | 51.26 |
| Additions | 92.76 |
| Capitalised during the year | (20.52) |
| As at March 31, 2017 | 123.50 |
| As at April 1, 2017 | 123.50 |
| Additions | 290.41 |
| Capitalised during the year | - |
| Disposal / adjustments | 413.91 |

Intangible assets under development mainly comprises mobile application, website under development and patents for which registration is awaited.

4 INTANGIBLE ASSETS

| Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED AMORTISATION | | | | NET CARRYING AMOUNT | |
|---------------------------------|-----------------------------------|---------------|-------------------|------------------------------|-------------------------------|---------------------------|-----------------------|------------------------------|----------------------|---------------------|
| | Deemed cost as on April 1, 2016 * | Addition | Sale / Adjustment | Balance as on March 31, 2017 | Balance as on April 1, 2016 * | Amortisation for the year | | Balance as on March 31, 2017 | As on March 31, 2017 | As on April 1, 2016 |
| | | | | | | Amortisation | Disposal / adjustment | | | |
| Software | 117.76 | 21.50 | - | 139.26 | - | 20.90 | - | 20.90 | 118.36 | 117.76 |
| Website | 0.04 | - | - | 0.04 | - | - | - | - | 0.04 | 0.04 |
| Patents, trademarks and designs | 141.81 | 86.53 | - | 228.34 | - | 24.64 | - | 24.64 | 203.70 | 141.81 |
| Total | 259.61 | 108.03 | - | 367.64 | - | 45.54 | - | 45.54 | 322.10 | 259.61 |

* The Company has availed the deemed cost exemption and used the previous GAAP net carrying amount of intangible asset including intangible assets under development as deemed cost. Refer note 45.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in INR in 'Lacs', unless mentioned otherwise)

5. INVESTMENT IN JOINT VENTURE

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| Investment in unquoted equity shares - Fully paid-up* | | | |
| 795,000 {(March 31, 2017: 795,000) (April 1, 2016: 795,000) Equity Shares of OAT & IIL India Lab.(P) Ltd. at INR 100 Each | 820.09 | 788.14 | 757.99 |
| Total | 820.09 | 788.14 | 757.99 |

*refer note 36

6. FINANCIAL ASSETS - NON-CURRENT

6(A) INVESTMENTS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Investments stated at Fair Value through OCI | | | |
| Investments in equity instruments - Quoted (fully paid) - Listed at Tokyo Stock Exchange | | | |
| 36,400 {(March 31, 2017: 36,400) (April 1, 2016: 36,400) equity shares of OAT Agrio Co. Ltd. (Co-venturer of Joint venture company) (April 1, 2016: 18,200 shares received during the year on split of total 18,200 original shares) | 831.09 | 310.29 | 306.48 |
| Total | 831.09 | 310.29 | 306.48 |
| Aggregate book value of quoted investments | 831.09 | 310.29 | 306.48 |
| Aggregate market value of quoted investments | 831.09 | 310.29 | 306.48 |

6(B) OTHER FINANCIAL ASSETS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Measured at fair value through profit and loss | | | |
| Derivative assets | - | 11.69 | 66.86 |
| Measured at amortised cost (Unsecured, considered good unless otherwise stated) | | | |
| Deposits having maturity of more than twelve months | 28.10 | 25.91 | 24.26 |
| Security deposits | 160.50 | 157.10 | 172.46 |
| Total | 188.60 | 194.70 | 263.58 |

7. OTHER NON-CURRENT ASSETS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| (Unsecured, considered good unless otherwise stated) | | | |
| Capital advances | 636.23 | 54.94 | 97.06 |
| Advances other than Capital Advances | | | |
| Balances with government authorities | 444.70 | 444.70 | 444.70 |
| Prepaid expenses | 6.34 | 12.68 | 19.03 |
| Total | 1,087.27 | 512.32 | 560.79 |

8. NON-CURRENT TAX ASSETS (NET)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Advance income tax | 315.50 | 234.79 | 196.44 |
| [Net of provision for tax INR 2,532.74 {(March 31, 2017: INR 1,700.00) (April 1, 2016: INR 2,651.01)}] | | | |
| Total | 315.50 | 234.79 | 196.44 |

9. INVENTORIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| At the lower of cost and net realisable value | | | |
| Raw Material {INR 283.69 (March 31, 2017: INR 858.87) (April 1, 2016: INR 519.41) in transit} | 15,515.06 | 13,224.12 | 8,531.60 |
| Packing material {INR 1.45 (March 31, 2017: INR 12.21 (April 1, 2016: INR 25.46) in transit} | 1,329.89 | 1,357.47 | 1,401.30 |
| Work-in-progress | 3,229.09 | 4,546.82 | 4,125.86 |
| Stock-in-trade (Traded Goods) | 2,959.94 | 3,190.34 | 1,925.92 |
| Finished goods (Manufactured) (INR Nil (April 1, 2016: INR 131.57) in transit) | 17,582.85 | 20,156.69 | 19,022.89 |
| Stores, Spares Parts & Fuel {INR 0.96 (March 31, 2017: INR 8.49 (April 1, 2016: INR 3.71) in transit} | 112.12 | 102.22 | 52.81 |
| Total | 40,728.95 | 42,577.66 | 35,060.38 |

10. FINANCIAL ASSETS - CURRENT

10 (A) TRADE RECEIVABLES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Trade receivables | 23,884.87 | 21,463.91 | 20,763.93 |
| Less: Allowance for doubtful debts | (403.67) | (302.45) | (238.19) |
| Total | 23,481.20 | 21,161.46 | 20,525.74 |
| Current portion | 23,481.20 | 21,161.46 | 20,525.74 |
| Non-current portion | - | - | - |
| Breakup of security details | | | |
| Secured, considered good | - | - | - |
| Unsecured, considered good | 23,481.20 | 21,161.46 | 20,525.74 |
| Doubtful | 403.67 | 302.45 | 238.19 |
| Subtotal | 23,884.87 | 21,463.91 | 20,763.93 |
| Allowance for doubtful debts (refer note 34) | (403.67) | (302.45) | (238.19) |
| Total | 23,481.20 | 21,161.46 | 20,525.74 |

- No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 90 to 180 days.
- For explanations on the Group's credit risk management processes, refer note 34

10(B) CASH AND CASH EQUIVALENTS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---------------------|-------------------------|-------------------------|------------------------|
| Balances with banks | | | |
| On current accounts | 1,948.17 | 677.38 | 683.82 |
| Cash on hand | 8.15 | 7.48 | 27.71 |
| Total | 1,956.32 | 684.86 | 711.53 |

10(C) OTHER BANK BALANCES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| In earmarked accounts | | | |
| Unpaid dividend | 3.52 | 3.81 | 4.11 |
| Deposits with remaining maturity between three and twelve months* | 51.15 | 233.36 | 232.56 |
| Total | 54.67 | 237.17 | 236.67 |

*The fixed deposits made with banks had been given as margin money against Bank Guarantee/ Letter of credit

10(D) LOANS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Unsecured, considered good | | | |
| Loans to employees | 5.96 | 0.66 | 1.28 |
| Total | 5.96 | 0.66 | 1.28 |
| Loans due from directors or other officers of the Group at the end of the period | Nil | Nil | Nil |

10(E) OTHER FINANCIAL ASSETS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Measured at fair value through profit and loss | | | |
| Derivative assets | 14.13 | 46.78 | 148.64 |
| Measured at amortised cost (unsecured, considered good) | | | |
| Dividend receivable | 6.80 | 5.38 | 5.45 |
| Insurance claim recoverable | 0.39 | - | 122.10 |
| Litigation charges recoverable | 19.60 | 19.60 | - |
| Export incentive recoverable | 4.98 | 3.76 | 8.98 |
| Interest subsidy recoverable | 282.05 | 379.89 | 368.32 |
| Capital subsidy recoverable | - | - | 21.20 |
| Total | 327.95 | 455.41 | 674.69 |

11. OTHER CURRENT ASSETS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| (Unsecured, considered good unless otherwise stated) | | | |
| Advances to suppliers | | | |
| -to related parties | 0.31 | 5.43 | 3.82 |
| -to others | 551.33 | 540.86 | 428.13 |
| Advances to employees | 17.62 | 16.40 | 22.32 |
| Balances with government authorities | 4,678.72 | 5,691.12 | 5,151.04 |
| Prepaid expenses | 146.25 | 145.64 | 118.63 |
| Total | 5,394.23 | 6,399.45 | 5,723.94 |
| Advance due from Directors or other officers at the end of the year/ period | Nil | Nil | Nil |
| Advance due by Firms or Private Companies in which any Director of the Group is a Director or member. | - | 5.43 | 1.95 |

12. EQUITY SHARE CAPITAL

| Authorised share capital | Number of shares | INR |
|---|-------------------|-----------------|
| As at April 1, 2016 | 25,000,000 | 2,500.00 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2017 | 25,000,000 | 2,500.00 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2018 | 25,000,000 | 2,500.00 |
| Issued equity share capital | Number of shares | INR |
| Equity shares of INR Rs. 10 each issued, subscribed and fully paid. | | |
| As at April 1, 2016 | 20,667,796 | 2,066.78 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2017 | 20,667,796 | 2,066.78 |
| Increase/(decrease) during the year | - | - |
| At March 31, 2018 | 20,667,796 | 2,066.78 |

(a) **Rights, preferences and restrictions attached to shares :**

The company has only one class of equity shares having face value of INR 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amount, in proportion to their shareholding.

(b) **The details of Shareholders holding more than 5% shares:**

| Name of the Shareholder | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---------------------------|----------------------|--------|----------------------|--------|---------------------|--------|
| | Number of Shares | % Held | Number of Shares | % Held | Number of Shares | % Held |
| Rajesh Aggarwal | 5,292,900 | 25.61 | 5,292,900 | 25.61 | 5,292,900 | 25.61 |
| Pushpa Aggarwal | 2,151,900 | 10.41 | 2,151,900 | 10.41 | 2,151,900 | 10.41 |
| Rajesh Aggarwal (HUF) | 1,953,000 | 9.45 | 1,953,000 | 9.45 | 1,953,000 | 9.45 |
| Hari Chand Aggarwal (HUF) | 1,494,000 | 7.23 | 1,494,000 | 7.23 | 1,494,000 | 7.23 |
| Nikunj Aggarwal | 1,125,000 | 5.44 | 1,125,000 | 5.44 | 1,125,000 | 5.44 |

(c) **Aggregate number of equity shares issued as bonus during the period of five years immediately preceding the reporting date**

The company has allotted 63,41,483 number of Equity Shares as Bonus Shares on April 25, 2015 in the ratio of 2:1 and the same got listed on May 8, 2015.

13. **OTHER EQUITY**

a) **Reserves and surplus**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-----------------------------------|----------------------|----------------------|---------------------|
| Retained earnings | 38,708.66 | 30,772.86 | 24,816.78 |
| Securities premium reserve | 10,410.18 | 10,410.18 | 10,410.18 |
| General reserve | 3,201.52 | 3,201.52 | 3,201.52 |
| Total reserves and surplus | 52,320.36 | 44,384.56 | 38,428.48 |

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| (i) Retained Earnings | | |
| Opening balance | 30,772.86 | 24,816.78 |
| Profit for the year | 8,429.13 | 5,969.89 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| Remeasurements of net defined benefit plans, net of tax | 4.18 | (13.81) |
| Dividend paid during the year | (413.35) | - |
| Tax on Dividend paid | (84.16) | - |
| Closing balance | 38,708.66 | 30,772.86 |
| (ii) Securities premium reserve | | |
| Opening balance | 10,410.18 | 10,410.18 |
| Additions during the year | - | - |
| Closing balance | 10,410.18 | 10,410.18 |
| (iii) General reserve | | |
| Opening balance | 3,201.52 | 3,201.52 |
| Add: Appropriations | - | - |
| Closing balance | 3,201.52 | 3,201.52 |
| Total other equity | 52,320.36 | 44,384.56 |

b) Other reserves

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-------------------------------------|-------------------------|-------------------------|------------------------|
| FVTOCI reserve - equity instruments | 396.97 | (2.50) | (5.43) |
| Total other reserves | 396.97 | (2.50) | (5.43) |

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| i) FVTOCI reserve - equity instruments | | |
| Opening balance | (2.50) | (5.43) |
| Change in fair value of FVTOCI equity instruments | 399.47 | 2.93 |
| Closing balance | 396.97 | (2.50) |

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in Note 30

Nature and purpose of reserves

- Securities premium reserve** - Where the Group issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Group may use this reserve for issuing fully paid-up bonus shares, buy-back of shares and for expenses in relation to issue of shares.
- General reserve** - General Reserve is created out of the profits earned by the Group by way of transfer from surplus in the statement of profit and loss. The Group can use this reserve for payment of dividend, issue of bonus shares and fully / partly paid-up equity shares. No amount has been transferred to general reserve during the years ended March 31, 2018 & March 31, 2017.
- FVTOCI equity investments** - The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity investments reserve within equity. The Group transfers amounts from this reserve within equity when the relevant equity securities are derecognised.

14. FINANCIAL LIABILITIES - NON CURRENT
14(a) Borrowings

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|-------------------------|------------------------|
| Secured | | | |
| Indian Rupee loan from banks | | | |
| Term loans | 1,364.71 | 2,397.06 | 3,779.41 |
| Vehicle loans | 313.28 | 240.84 | 193.06 |
| Foreign currency loan from banks | 81.46 | 405.34 | 1,614.84 |
| Unsecured | | | |
| Loans from other parties | | | |
| Loan from National Development and Research Corporation (NRDC) | - | 25.02 | 50.04 |
| Total | 1,759.45 | 3,068.26 | 5,637.35 |
| Less: Current maturities of long-term debt (included in note 17(c)) | 931.04 | 1,526.50 | 2,732.36 |
| Non-current borrowings (as per balance sheet) | 828.41 | 1,541.76 | 2,904.99 |

Nature of Security and terms of repayment for secured borrowing :
a) Indian rupee term loan

The Indian Rupees Term Loans outstanding amounts to INR 1,364.71 {(March 31, 2017 - INR 2,397.06 (April 1, 2016 - INR 3,779.41))} have been secured by the exclusive first charge over assets being financed including Land & Building and Plant & Machineries situated at CH-21, GIDC Industrial Estate, Dahej Plant (Gujrat). Further, the loan has been guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. This outstanding loan are repayable quarterly in 8 installments alongwith interest rates ranging between 10.95% to 12.50% per annum.

b) Foreign currency term loan

- The Foreign Currency outstanding loan amounting to NIL {(March 31, 2017 - NIL) (April 1, 2016 - INR 248.44)} was secured by the first charge over Plant and Machineries situated at CH-21, GIDC Industrial Estate, Dahej Plant (Gujarat). Further, the loan was guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. The interest is to be paid on quarterly basis at Libor plus 2.50%. Further, the Group has entered into the derivative contract for hedging of the currency swaps and interest rate swaps.
- The Foreign Currency outstanding loan amounting to NIL {(March 31, 2017 - NIL) (April 1, 2016 - INR 621.09)} was secured by the exclusive first charge over assets being financed including Land & Building and Plant & Machineries situated at CH-21, GIDC Industrial Estate, Dahej Plant (Gujrat). Further, the loan was guaranteed by the personal guarantee of the

directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. The interest is to be paid on quarterly basis at Libor plus 3.50%. Further, the Group has entered into the derivative contract for hedging of the currency swaps and interest rate swaps.

3. The Foreign Currency outstanding loan amounting to INR 81.46 {(March 31, 2017 - 405.34) (April 1, 2016 - INR 745.31) has been secured by the exclusive first charge over assets being financed including Land & Building and Plant & Machineries situated at CH-21, GIDC Industrial Estate, Dahej Plant (Gujrat). Further, the loan has been guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. The outstanding loan is repayable in 1 quarterly instalment. The interest is to be paid on quarterly basis at Libor plus 3.00%. Further, the Group has entered into the derivative contract for hedging of the currency swaps and interest rate swaps.

c) Vehicle loans

Term Loans from banks for vehicles have been secured by hypothecation of vehicles. Further, vehicles loans have been guaranteed by the personal guarantee of the directors- Mr. Hari Chand Aggarwal and Mr. Rajesh Aggarwal. These loans are repayable in 36 monthly installments from the date of the loans along with interest rates ranging between 8.40% to 10.75% per annum.

d) Loan from NRDC

The Group entered into an agreement with NRDC under the Technology Development and Demonstration Programme (TDDP) for financing its research and development activities. As per the agreement, the Group should repay a lumpsum amount at the rate of 26% of the actual money disbursed by NRDC over a period of five years from the start of commercial sale of the product "Thiamethoxam" i.e. a total 1.3 times the monies actually disbursed by NRDC. The effective interest rate is 9.43%

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 42

15. LONG TERM PROVISIONS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|------------------------------------|-------------------------|-------------------------|------------------------|
| Employee benefit provisions | | | |
| Provision for leave encashment | 56.50 | 50.73 | 56.03 |
| Total | 56.50 | 50.73 | 56.03 |

16. DEFERRED TAX LIABILITIES (NET)

| Particulars | As at April 1, 2017 | Charge/ (credit) to Statement of Profit and Loss | Charge/(credit) to other comprehensive income | MAT credit utilised | As at March 31, 2018 |
|--|------------------------|--|--|---------------------------|-------------------------|
| Property, plant and equipment and intangible assets | (2,025.47) | (119.55) | - | - | (1,905.92) |
| Derivatives | (20.24) | (15.30) | - | - | (4.94) |
| Borrowings | (9.92) | (9.92) | - | - | - |
| Investments | 0.75 | - | 121.32 | - | (120.57) |
| Total deferred tax liabilities | (2,054.88) | (144.77) | 121.32 | - | (2,031.43) |
| Set-off of deferred tax assets pursuant to set-off provisions | | | | | |
| MAT credit | 1,018.34 | - | - | 1,018.34 | - |
| Allowance for doubtful debts - trade receivables | 104.67 | (36.39) | - | - | 141.06 |
| Derivatives | 34.64 | 33.40 | - | - | 1.24 |
| Employee benefit provisions | - | - | - | - | - |
| Borrowings | 4.59 | (0.18) | - | - | 4.77 |
| Others | - | - | - | - | - |
| Total deferred tax assets | 1,162.24 | (3.17) | - | 1,018.34 | 147.07 |
| Net deferred tax assets / (liabilities) | (892.64) | (147.94) | 121.32 | 1,018.34 | (1,884.36) |

| Particulars | As at April 1, 2016 | Charge/ (credit) to Statement of Profit and Loss | Charge/(credit) to other comprehensive income | MAT credit utilised | As at March 31, 2017 |
|--|---------------------|--|---|---------------------|----------------------|
| Property, plant and equipment and intangible assets | (1,755.19) | 270.28 | - | - | (2,025.47) |
| Derivatives | (74.58) | (54.34) | - | - | (20.24) |
| Borrowings | (21.05) | (11.13) | - | - | (9.92) |
| Total deferred tax liabilities | (1,850.82) | 204.81 | - | - | (2,055.63) |
| Set-off of deferred tax assets pursuant to set-off provisions | | | | | |
| MAT credit | 1,269.55 | (148.79) | - | 400.00 | 1,018.34 |
| Allowance for doubtful debts - trade receivables | 82.43 | (22.24) | - | - | 104.67 |
| Derivatives | 163.24 | 128.60 | - | - | 34.64 |
| Employee benefit provisions | - | - | - | - | - |
| Borrowings | 25.96 | 21.37 | - | - | 4.59 |
| Investments | 1.63 | - | 0.88 | - | 0.75 |
| Total deferred tax assets | 1,542.81 | (21.06) | 0.88 | 400.00 | 1,162.99 |
| Net deferred tax assets / (liabilities) | (308.01) | 183.75 | 0.88 | 400.00 | (892.64) |

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

17. FINANCIAL LIABILITIES - CURRENT

17(a) Borrowings

| Particulars | Maturity date | Interest rate | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|---------------|----------------|----------------------|----------------------|---------------------|
| Secured | | | | | |
| Working Capital facilities from Banks | | | | | |
| Loans repayable on demand | | | | | |
| Working capital demand loans | Apr 18-May 18 | 7.80% - 7.90% | 5,600.00 | 11,000.00 | 6,250.00 |
| FCNR Loans (USD) | | | - | 571.35 | 3,439.20 |
| Cash credit from banks | On demand | 7.90% - 10.95% | 2,379.56 | 6,388.52 | 5,362.03 |
| Buyers Credit Loans (USD) | Apr 18-Jul 18 | 1.95% - 4.10% | 1,670.24 | 2,459.95 | - |
| Cheques sent for collection | - | - | 26.45 | 175.72 | 85.70 |
| Total | | | 9,676.25 | 20,595.54 | 15,136.93 |

Working Capital Loans (Loans repayable on demand, Cash Credit & Buyers Credits) from banks are secured by first pari passu charge over present and future stock & book debts and moveable property, plant and equipment of the Group. These loans are additionally secured by equitable mortgage on pari passu basis over Lands & Buildings of the Group and residential property of the director at Pitampura Delhi and negative lien on Group's office at Azad Pur (Delhi). Further, these loans have been guaranteed by the personal guarantee of the directors -Mr.Hari Chand Aggarwal and Mr. Rajesh Aggarwal.

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 42

17(b) TRADE PAYABLES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|----------------------|----------------------|---------------------|
| Trade payables | 22,944.79 | 19,767.80 | 21,004.50 |
| Trade payables to related parties (note 38) | 1,390.86 | 100.61 | 167.04 |
| Total | 24,335.65 | 19,868.41 | 21,171.54 |

Trade payables are non-interest bearing and are settled on agreed terms.

Refer note 44 for disclosure pertaining to Micro, Small & Medium Enterprises Development Act, 2006

17(C) OTHER FINANCIAL LIABILITIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Financial liabilities at amortised cost | | | |
| Current maturities of long-term borrowings (note 14(a)) | 931.04 | 1,526.50 | 2,732.36 |
| Security deposits received from customers | 492.37 | 547.02 | 499.64 |
| Creditors for capital expenditure | 115.67 | 46.40 | 51.88 |
| Interest accrued on borrowings | 21.79 | 29.93 | 82.46 |
| Employee payables | | | |
| - to related parties (refer note 38) | 15.85 | 24.15 | 18.46 |
| - to others | 866.20 | 757.39 | 692.40 |
| Unpaid dividend account | 3.52 | 3.81 | 4.11 |
| Financial liabilities at fair value through profit and loss | | | |
| Derivative liabilities | 3.27 | 260.21 | 201.80 |
| Total | 2,449.71 | 3,195.41 | 4,283.11 |

18. SHORT TERM PROVISIONS

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|------------------------------------|-------------------------|-------------------------|------------------------|
| Employee benefit provisions | | | |
| Provision for gratuity | 27.10 | 83.56 | 81.98 |
| Provision for leave encashment | 2.17 | 1.93 | 2.02 |
| Total | 29.27 | 85.49 | 84.00 |

(A) DEFINED CONTRIBUTION PLAN

| During the year, the Group has recognised the following amounts in the Statement of Profit and Loss: (note 24) | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| Employers' Contribution to Employee's Provident Fund (including admin charges) | 239.21 | 162.16 |
| Employers' Contribution to Employee's State Insurance | 35.58 | 20.26 |
| Total | 274.79 | 182.42 |

(B) DEFINED BENEFIT PLAN
(i) Gratuity

The Group has a defined benefit for gratuity. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Group provides for the liability in its books of accounts based on the actuarial valuation by applying the Projected Unit Credit Method.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

| The principal assumptions used in determining gratuity benefit obligations for the Group's plan are shown below: | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Rate of Discounting | 7.86% | 7.52% | 8.07% |
| Rate of Salary Increase | 5.00% | 5.00% | 5.00% |
| Rate of Employee Turnover | 2.00% | 2.00% | 2.00% |
| Mortality Rate During Employment | IALM (2006-08) | IALM (2006-08) | IALM (2006-08) |

| Changes in the present value of the defined benefit obligation are as follows: | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---------------------------------|---------------------------------|--------------------------------|
| Opening defined benefit obligation | 458.93 | 403.04 | 319.65 |
| Interest cost | 34.51 | 32.52 | 25.44 |
| Current service cost | 56.67 | 48.59 | 42.31 |
| Past service cost | 12.00 | - | - |
| Benefits paid | (28.65) | (45.28) | (26.83) |
| Actuarial (gain) / loss | | | |
| Due to change in financial assumptions | (17.13) | 23.75 | (4.18) |
| Due to change in experience | 9.73 | (3.69) | 46.65 |
| Closing defined benefit obligation | 526.06 | 458.93 | 403.04 |

| Changes in the Fair Value of Plan Assets are as follows: | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---------------------------------|---------------------------------|--------------------------------|
| Fair Value of Plan Assets at the Beginning of the Period | 375.38 | 321.06 | 298.22 |
| Interest Income | 28.22 | 25.91 | 23.74 |
| Contributions by the Employer | 125.30 | 75.00 | 25.00 |
| Benefits paid | (28.65) | (45.28) | (26.83) |
| Return on Plan Assets, Excluding Interest Income | (1.28) | (1.31) | 0.93 |
| Fair Value of Plan Assets at the End of the Period | 498.97 | 375.38 | 321.06 |

| Reconciliation of fair value of plan assets and defined benefit obligation: | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|---------------------------------|---------------------------------|--------------------------------|
| Present value of defined benefit obligation | (526.06) | (458.93) | (403.04) |
| Fair value of plan assets | 498.97 | 375.38 | 321.06 |
| Plan asset / (liability) | (27.09) | (83.55) | (81.98) |

| Expenses recognised in Statement of profit and loss | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|--------------------------------------|--------------------------------------|
| Net interest cost | 6.29 | 6.61 |
| Current service cost | 56.67 | 48.59 |
| Past service cost | 12.00 | - |
| Net expense * | 74.96 | 55.20 |

* Includes INR 1.93 (March 31, 2017 - NIL) transfer to Research & Development Expenditure

| Expenses recognised in Statement of other comprehensive income | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|--------------------------------------|--------------------------------------|
| Actuarial (gain) / loss on defined benefit obligation | (7.40) | 20.06 |
| Return on Plan Assets, excluding Interest Income | 1.28 | 1.31 |
| Total expense recognised in statement of other comprehensive income | (6.12) | 21.37 |

| Major categories of plan assets of the fair value of the total plan assets | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|-----------------------------|-------------|-----------------------------|-------------|----------------------------|-------------|
| | Total | In % | Total | In % | Total | In % |
| Insurance fund | 498.97 | 100% | 375.38 | 100% | 321.06 | 100% |
| Total | 498.97 | 100% | 375.38 | 100% | 321.06 | 100% |

| A quantitative sensitivity analysis for significant assumption is as shown below: | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Defined benefit obligation (base) | 526.06 | 458.93 |
| Change in discount rate | | |
| Increase by 1% | (45.42) | (41.69) |
| Decrease by 1% | 53.15 | 49.01 |
| Change in rate of salary increase | | |
| Increase by 1% | 53.29 | 49.78 |
| Decrease by 1% | (46.19) | (42.99) |
| Change in rate of employee turnover | | |
| Increase by 1% | 12.97 | 10.06 |
| Decrease by 1% | (14.77) | (11.54) |

The following payments are expected contributions to the defined benefit plan in future years:

| | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------------------|-------------------------|------------------------|
| Weighted average duration of the defined benefit plan obligation | 11 years | 12 years | 11 years |
| Within next 12 months | 51.04 | 42.87 | 53.56 |
| Between 1 and 5 years | 126.54 | 98.10 | 87.04 |
| Between 5 and 10 years | 210.64 | 169.06 | 146.59 |
| More than 10 years | 974.10 | 870.99 | 806.46 |

(C) RISK EXPOSURE

Interest rate risk: A fall in the discount rate which is linked to the Government Security Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

19. OTHER CURRENT LIABILITIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-------------------------|-------------------------|-------------------------|------------------------|
| Advances from customers | 5,664.94 | 4,896.20 | 4,816.46 |
| Statutory dues | 321.83 | 259.19 | 260.80 |
| Total | 5,986.77 | 5,155.39 | 5,077.26 |

20. REVENUE FROM OPERATIONS

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Sale of products (including excise duty) * | | |
| Finished goods | 100,258.03 | 93,746.80 |
| Traded goods | 9,795.95 | 13,878.75 |
| | 110,053.98 | 107,625.55 |
| Other operating revenue | | |
| Revenue from Job Work | 136.31 | - |
| Sale of scrap | 27.39 | 1.35 |
| GST Refund - Budgetary Support Scheme ** | 421.74 | - |
| Total revenue from operations | 110,639.42 | 107,626.90 |

* Sale of goods includes excise duty collected from customers of INR 3,314.30 (March 31, 2017: INR 8,205.90). Sale of goods net of excise duty is INR 1,06,739.68 (March 31, 2017: INR 99,419.66). Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Group collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended March 31, 2018 is not comparable with the year ended March 31, 2017.

** As per the budgetary support scheme, eligible units (Samba and Udhampur in Jammu & Kashmir) are entitled to receive refund of the Goods and Services Tax paid by the unit.

21. OTHER INCOME

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| Interest income | | |
| Fixed deposits with banks | 8.40 | 16.98 |
| Other assets | 24.26 | 4.64 |
| Dividend income from equity investments designated at fair value through other comprehensive income* | 8.03 | 6.35 |
| Other non-operating income | | |
| Miscellaneous income | 70.82 | 25.68 |
| Exchange difference (net) | - | 629.09 |
| Net gain on fair value changes | | |
| Derivatives at FVTPL | 212.60 | - |
| Total other income | 324.11 | 682.74 |

All dividends from equity investments designated at FVTOCI relate to investments held at the end of the reporting period.

22. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Raw Material | | |
| Inventory at the beginning of the year | 13,224.12 | 8,531.60 |
| Add: Purchases | 60,510.62 | 60,351.47 |
| | 73,734.74 | 68,883.07 |
| Less: inventory at the end of the year | 15,515.06 | 13,224.12 |
| Cost of raw material consumed | 58,219.68 | 55,658.95 |
| Packing Material | | |
| Inventory at the beginning of the year | 1,357.47 | 1,401.30 |
| Add: Purchases | 6,893.10 | 7,187.85 |
| | 8,250.57 | 8,589.15 |
| Less: inventory at the end of the year | 1,329.89 | 1,357.47 |
| Cost of Packing material consumed | 6,920.68 | 7,231.68 |
| Total Cost of raw material and components consumed | 65,140.36 | 62,890.63 |

23. (INCREASE)/DECREASE IN INVENTORIES

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|--------------------------------------|--------------------------------------|
| Inventories at the end of the year | | |
| Finished goods | 17,582.85 | 20,156.69 |
| Semi-finished goods | 3,229.09 | 4,546.82 |
| Traded goods | 2,959.94 | 3,190.34 |
| | 23,771.88 | 27,893.85 |
| Inventories at the beginning of the year | | |
| Finished goods | 20,156.69 | 18,891.32 |
| Semi-finished goods | 4,546.82 | 4,125.86 |
| Traded goods | 3,190.34 | 1,925.92 |
| | 27,893.85 | 24,943.10 |
| Total (Increase)/Decrease in inventories | 4,121.97 | (2,950.75) |
| Details of inventory | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Traded goods | | |
| Powder | 696.97 | 489.93 |
| Liquid | 1,902.00 | 2,516.81 |
| Granules | 360.97 | 183.60 |
| Total | 2,959.94 | 3,190.34 |
| Finished goods | | |
| Liquid | 9,522.97 | 11,716.12 |
| Powder | 1,574.52 | 2,802.72 |
| Granules | 1,936.08 | 2,943.30 |
| Technicals | 4,549.28 | 2,694.55 |
| Total | 17,582.85 | 20,156.69 |

24. EMPLOYEE BENEFIT EXPENSES

| Particulars | Note | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------|------------------------------|------------------------------|
| Salaries, wages and bonus | | 4,564.79 | 4,153.90 |
| Contribution to provident and other funds | 18 | 274.85 | 182.46 |
| Gratuity expense | 18 | 73.03 | 55.20 |
| Staff welfare expenses | | 149.47 | 159.35 |
| Total employee benefit expenses | | 5,062.14 | 4,550.91 |

25. FINANCE COSTS

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| Interest and finance charges on financial liabilities not at fair value through profit or loss | | |
| Interest on term loans and ECBs | 244.71 | 126.33 |
| Interest on CC Limits, buyer's credit and demand loans | 1,143.11 | 1,445.71 |
| Interest (Others) | 46.68 | 34.56 |
| Other borrowings costs | | |
| Bank charges | 157.26 | 416.69 |
| Total finance costs | 1,591.76 | 2,023.29 |

26. DEPRECIATION AND AMORTIZATION EXPENSE

| Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|----------|---------------------------|---------------------------|
| Depreciation of tangible assets | 3 | 1,639.98 | 1,554.67 |
| Amortization of intangible assets | 4 | 64.61 | 45.54 |
| Total depreciation and amortization expense | | 1,704.59 | 1,600.21 |

27. OTHER EXPENSES

| Particulars | Note No. | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|----------|---------------------------|---------------------------|
| Consumption of stores and spares | | 497.86 | 410.77 |
| Power and fuel Expenses | | 1,356.64 | 1,329.34 |
| Transport charges | | 3,145.48 | 2,806.23 |
| Repairs and Maintenance | | | |
| Buildings | | 12.92 | 15.83 |
| Plant & Machinery | | 54.08 | 87.88 |
| Others | | 220.78 | 275.73 |
| Pollution Control Expenses | | 105.43 | 75.76 |
| Advertising and sales promotion | | 1,611.22 | 524.13 |
| Royalty | | 226.83 | 240.35 |
| Commission | | 554.12 | 610.47 |
| Travelling and conveyance | | 1,124.14 | 1,000.62 |
| Rent (Including Lease Rental) | | 346.63 | 333.39 |
| Insurance | | 80.38 | 80.01 |
| Communication expenses | | 41.54 | 44.21 |
| Printing and Stationery | | 41.93 | 26.08 |
| Legal and Professional Fees | | 244.27 | 301.33 |
| Director Sitting Fees | | 7.41 | 14.93 |
| Payment to Auditors | 27(a) | 31.01 | 25.30 |
| Electricity & Water Charges | | 51.45 | 42.28 |
| Rates and taxes | | 67.66 | 130.23 |
| Security Charges | | 88.63 | 85.18 |
| Research & Development Expenses | 28 | 419.88 | 353.68 |
| Loss on Sale of Fixed Assets (net) | | 23.06 | 40.93 |
| Corporate Social Responsibility Expenses | 27(b) | 148.78 | 93.70 |
| Provision for impairment of trade receivables | | 101.22 | 64.26 |
| Net losses on fair value changes | | | |
| Derivatives at FVTPL | | - | 215.44 |
| Exchange difference (net) | | 152.85 | - |
| Bad debts written off | | 22.64 | - |
| Miscellaneous Expenses | | 359.64 | 278.57 |
| Subtotal (c) | | 11,138.48 | 9,506.63 |

27(A) DETAILS OF PAYMENT TO AUDITORS (EXCLUDING TAXES)

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---------------------------|---------------------------|---------------------------|
| As auditor | | |
| Statutory Audit Fees | 26.00 | 13.80 |
| Tax Audit Fees | 4.00 | 4.60 |
| In other capacity | | |
| Taxation & Other Matters | - | 6.90 |
| Reimbursement of expenses | 1.01 | - |
| Total | 31.01 | 25.30 |

27(B) CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Group. The Group's policy covers current as well as proposed CSR activities to be undertaken by the Group and examining their alignment with Schedule VII of the Act.

The Group proposes to implement its CSR activities in various sectors which include promoting Education, green initiatives, and facilities for senior citizens, vocational & entrepreneurship skills, medical aid & healthcare, old age homes & women hostels, art and culture, destitute care and rehabilitation, rural development projects and others.

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Group | 129.38 | 108.47 |
| Total amount spent for the financial year | (148.78) | (93.70) |
| Amount unspent | - | 14.77 |
| Amount spent during the year on: | | |
| (i) Construction/acquisition of an asset | | |
| - in cash | - | - |
| - yet to be paid in cash | - | - |
| (ii) On purpose other than (i) above | | |
| - in cash | 148.78 | 93.70 |
| - yet to be paid in cash | - | - |
| Total | 148.78 | 93.70 |

The entire amount is spent through the IIL foundation, which is a related party.

28. RESEARCH & DEVELOPMENT EXPENDITURE

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| (i) Revenue Expenditure : | | |
| (a) Employee cost | 128.45 | 89.27 |
| (b) Cost of material & testing charges | 8.63 | 22.26 |
| (c) Other R&D expenditure | - | - |
| (d) Consultancy charges to OAT & IIL | 262.36 | 230.42 |
| (ii) Capital Expenditure | 145.37 | 42.38 |
| Total | 544.81 | 384.33 |

29. INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense, shows how the tax expense is affected by non-assessable and non-deductible items.

(A) INCOME TAX EXPENSE

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| <i>Current tax</i> | | |
| Current tax on profits for the year | 3,314.81 | 2,107.40 |
| Adjustment of tax relating to earlier periods | 245.49 | (34.42) |
| Total current tax expense | 3,560.30 | 2,072.98 |
| <i>Deferred tax</i> | | |
| Decrease (increase) in deferred tax assets | (144.77) | 127.73 |
| (Decrease) increase in deferred tax liabilities | (3.17) | 204.81 |
| MAT Credit entitlement of earlier years | - | (148.79) |
| Total deferred tax expense/(benefit) | (147.94) | 183.75 |
| Income tax expense | 3,412.36 | 2,256.73 |

(B) RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY THE INDIA'S TAX RATE

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Profit before income tax expense | 11,809.72 | 8,196.63 |
| Tax at the Indian tax rate of 34.608% | 4,087.11 | 2,836.69 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Weighted deduction on research and development expenditure | (99.19) | (259.56) |
| Deduction on account of tax holiday period | (833.72) | (467.21) |
| Other items | 12.67 | 330.01 |
| Adjustments for current tax of prior periods | 245.49 | (183.20) |
| Income tax expense | 3,412.36 | 2,256.73 |

Note: Ind AS transition

Pursuant to adoption of Ind AS by the Group, the total comprehensive income (excluding impact of deferred tax & current tax thereon) for the year ended March 31, 2018 increased by INR 638.29. The details of the same are given below:

| Particulars | Impact on total comprehensive income for the year ended March 31, 2018 |
|--|--|
| Fair valuation of derivatives | 212.60 |
| Expected credit loss on trade receivables | (101.21) |
| Changes in fair value of FVTOCI equity instruments | 520.79 |
| Remeasurement of net defined benefit plans | 6.11 |
| Total | 638.29 |

30. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended March 31, 2017

| Particulars | FVTOCI reserve | Retained earnings | Total |
|---|-------------------|----------------------|----------------|
| Re-measurement of net defined benefit plans | - | (13.97) | (13.97) |
| Gain/(loss) on FVTOCI financial assets | 2.93 | - | 2.93 |
| Total | 2.93 | (13.97) | (11.04) |

During the year ended March 31, 2018

| Particulars | FVTOCI reserve | Retained earnings | Total |
|---|-------------------|----------------------|---------------|
| Re-measurement of net defined benefit plans | - | 4.00 | 4.00 |
| Gain/(loss) on FVTOCI financial assets | 399.47 | - | 399.47 |
| Total | 399.47 | 4.00 | 403.47 |

31. SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, 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.

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 separate 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. "

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income. "

Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model on trade receivables.

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”

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 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 group of assets. Where the carrying amount of an asset 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 assessment of the time value of money and the risk specific to the asset. In determining fair value less cost 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 or other available fair value indicators.

Defined benefit plans (gratuity)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity 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 sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in India.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates in India. Further details about gratuity obligations are given in Note 18.”

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Interest in joint venture

OAT & IIL India Laboratories Private Limited (OAT & IIL) is a private company in which the parent company currently owns 20% of the ownership interest. As per the joint venture agreement between the parent company and OAT Agrio Co. Ltd, control over the “relevant activities” of OAT & IIL is exercised jointly by both the companies. OAT & IIL is structured as a separate legal entity and both companies have an interest in the net assets of OAT & IIL. Accordingly, the parent company has classified its interest in OAT & IIL as a joint venture.

32. HEDGING ACTIVITIES AND DERIVATIVES

Derivatives not designated as hedging instruments

The Group uses full currency cum interest rate swap and foreign exchange forward contracts and option contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are measured at fair value through profit or loss. These contracts are entered into for period consistent with the foreign currency exposures of the underlying transactions and with the intention to reduce the foreign exchange risk of expected purchases.

| Nature of instrument | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|----------------------------------|------------------------|----------------------------------|------------------------|----------------------------------|------------------------|
| | Amount outstanding USD (in Lacs) | Amount outstanding INR | Amount outstanding USD (in Lacs) | Amount outstanding INR | Amount outstanding USD (in Lacs) | Amount outstanding INR |
| Hedged foreign currency exposures | | | | | | |
| Interest Rate Swaps (refer note below) | 0.02 | 1.33 | 0.12 | 6.66 | 0.29 | 15.09 |
| Full Currency Interest Rate Swap contracts - payable (refer note below) | 1.25 | 67.81 | 6.25 | 339.06 | 15.00 | 775.50 |
| Forward contract - Buy | | | | | | |
| In respect of foreign letters of credit | 4.50 | 292.36 | 84.70 | 5,722.94 | 65.01 | 4,391.02 |
| In respect of import bills accepted | 1.42 | 91.07 | 5.16 | 349.69 | 14.18 | 962.40 |
| In respect of buyer’s credit | 2.50 | 162.60 | 35.43 | 2,374.44 | - | - |
| Options contract - Buy | | | | | | |
| In respect of ECB loan | - | - | - | - | 5.37 | 356.09 |
| | 9.69 | 615.17 | 131.66 | 8,792.79 | 99.85 | 6,500.10 |

Note:

Hedging against the underlying INR borrowings by which:

- Group will receive Principal in INR and pay in foreign Currency
- Group will receive fixed interest in INR and pay fixed / floating interest in foreign Currency

Unhedged foreign currency exposures

| a) Payables | | | | | | |
|-------------------------------------|---------------|------------------|--------------|-----------------|--------------|-----------------|
| Buyer's credit (including interest) | 23.29 | 1,518.04 | 2.61 | 169.67 | - | - |
| Letters of credit | 200.51 | 13,066.93 | 89.23 | 5,787.05 | 27.11 | 1,796.37 |
| Trade payables | 4.43 | 288.91 | 4.55 | 294.93 | 0.77 | 51.01 |
| | 228.23 | 14,873.88 | 96.39 | 6,251.65 | 27.88 | 1,847.38 |

33. FAIR VALUE MEASUREMENTS

| Particulars | Note No. | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|----------|----------------------|---------------|------------------|----------------------|---------------|------------------|---------------------|---------------|------------------|
| | | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| (i) Financial instruments by category | | | | | | | | | | |
| a) Financial assets - Non-current | | | | | | | | | | |
| Investments | 6(a) | - | 831.09 | - | - | 310.29 | - | - | 306.48 | - |
| - Equity instruments | | - | - | - | - | - | - | - | - | - |
| Security deposits | 6(b) | - | - | 160.50 | - | - | 157.10 | - | - | 172.46 |
| Derivative assets | 6(b) | - | - | - | 11.69 | - | - | 66.86 | - | - |
| Deposits having maturity of more than twelve months | 6(b) | - | - | 28.10 | - | - | 25.91 | - | - | 24.26 |
| b) Financial assets - Current | | | | | | | | | | |
| Trade receivables | 10(a) | - | - | 23,481.20 | - | - | 21,161.46 | - | - | 20,525.74 |
| Cash and cash equivalents | 10(b) | - | - | 1,956.32 | - | - | 684.86 | - | - | 711.53 |
| Other bank balances | 10(c) | - | - | 54.67 | - | - | 237.17 | - | - | 236.67 |
| Loans to employees | 10(d) | - | - | 5.96 | - | - | 0.66 | - | - | 1.28 |
| Derivative assets | 10(e) | 14.13 | - | - | 46.78 | - | - | 148.64 | - | - |
| Dividend receivable | 10(e) | - | - | 6.80 | - | - | 5.38 | - | - | 5.45 |
| Insurance claim recoverable | 10(e) | - | - | 0.39 | - | - | - | - | - | 122.10 |
| Litigation charges recoverable | 10(e) | - | - | 19.60 | - | - | 19.60 | - | - | - |
| Export incentive recoverable | 10(e) | - | - | 4.98 | - | - | 3.76 | - | - | 8.98 |
| Interest subsidy recoverable | 10(e) | - | - | 282.05 | - | - | 379.89 | - | - | 368.32 |
| Capital subsidy recoverable | 10(e) | - | - | - | - | - | - | - | - | 21.20 |
| Total financial assets | | 14.13 | 831.09 | 26,000.57 | 58.47 | 310.29 | 22,675.79 | 215.50 | 306.48 | 22,197.99 |
| c) Financial liabilities - Non-current | | | | | | | | | | |
| Borrowings | 14(a) | - | - | 828.41 | - | - | 1,541.76 | - | - | 2,904.99 |
| d) Financial liabilities - Current | | | | | | | | | | |
| Borrowings | 17(a) | - | - | 9,676.25 | - | - | 20,595.54 | - | - | 15,136.93 |
| Trade payables | 17(b) | - | - | 24,335.65 | - | - | 19,868.41 | - | - | 21,171.54 |
| Current maturities of long-term borrowings | 17(c) | - | - | 931.04 | - | - | 1,526.50 | - | - | 2,732.36 |
| Security deposits received from customers | 17(c) | - | - | 492.37 | - | - | 547.02 | - | - | 499.64 |
| Creditors for capital expenditure | 17(c) | - | - | 115.67 | - | - | 46.40 | - | - | 51.88 |
| Interest accrued on borrowings | 17(c) | - | - | 21.79 | - | - | 29.93 | - | - | 82.46 |
| Employee payables | 17(c) | - | - | 882.05 | - | - | 781.54 | - | - | 710.86 |
| Unpaid dividend account | 17(c) | - | - | 3.52 | - | - | 3.81 | - | - | 4.11 |
| Derivative liabilities | 17(c) | 3.27 | - | - | 260.21 | - | - | 201.80 | - | - |
| Total financial liabilities | | 3.27 | - | 37,286.75 | 260.21 | - | 44,940.91 | 201.80 | - | 43,294.77 |

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| Financial assets and liabilities measured at fair value - recurring fair value measurements | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|----------------------|---------|---------|----------------------|---------|---------|---------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Financial assets at FVTOCI | | | | | | | | | |
| -Quoted equity investments* | 831.09 | - | - | 310.29 | - | - | 306.48 | - | - |
| Financial assets at FVTPL | | | | | | | | | |
| -Derivative assets | - | 14.13 | - | - | 58.47 | - | - | 215.50 | - |
| Financial liabilities | | | | | | | | | |
| Financial liabilities at FVTPL | | | | | | | | | |
| -Derivative liabilities | - | 3.27 | - | - | 260.21 | - | - | 201.80 | - |

*The investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments as at FVTOCI as the management believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

There have been no transfers between Level 1 and Level 2 during the period.

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | March 31, 2018 | | | March 31, 2017 | | | April 1, 2016 | | |
|---|----------------|----------|---------|----------------|----------|---------|---------------|----------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Security deposits | - | - | 160.50 | - | - | 157.10 | - | - | 172.46 |
| Deposits having maturity of more than twelve months | - | 28.10 | - | - | 25.91 | - | - | 24.26 | - |
| Financial liabilities | | | | | | | | | |
| Long term borrowings (including current maturities) | - | 1,739.79 | - | - | 3,067.22 | - | - | 5,659.03 | - |

There have been no transfers between Level 1 and Level 2 during the period.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair values of the FVTOCI investments are derived from quoted market prices in active markets.
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model
- the fair values of the interest-bearing borrowings and loans are determined by using discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis using rates currently available for debt on similar terms, credit risk and remaining maturities.

(iv) Fair value of financial assets and liabilities measured at amortised cost

| Particulars | Note No. | March 31, 2018 | | March 31, 2017 | | April 1, 2016 | |
|---|----------|-----------------|------------|-----------------|------------|-----------------|------------|
| | | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | | | | |
| -Security deposits* | 6(b) | 160.50 | 160.50 | 157.10 | 157.10 | 172.46 | 172.46 |
| -Deposits having maturity of more than twelve months* | 6(b) | 28.10 | 28.10 | 25.91 | 25.91 | 24.26 | 24.26 |
| Financial liabilities | | | | | | | |
| - Long term borrowings (including current maturities) | 14(a) | 1,759.45 | 1,739.79 | 3,068.26 | 3,067.22 | 5,637.35 | 5,659.03 |

*The management assessed that fair values of above financial instruments approximate their carrying value due to amortised cost being calculated based on the effective interest rates.

The carrying amounts of trade receivables, cash and bank balances, loans, other receivables, short term borrowings, security deposits received, trade payables, creditors for capital expenditure and other current financial assets and liabilities are considered to be the same as fair value due to their short term maturities.

34. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, security deposits, cash and cash equivalents and loans that derive directly from its operations. The Group also holds FVTOCI investments and enters into derivative transactions

The Group is exposed to market risk, credit risk and liquidity risk that are summarised as under:-

| Risk | Exposure arising from | Measurement | Management |
|-------------------------------------|--|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost. | Ageing analysis | Diversification of bank deposits, credit limits |
| Liquidity risk | Borrowings and other liabilities | Cash flow forecasting | Availability of committed credit lines and borrowing facilities |
| Market risk - foreign exchange risk | Recognised financial assets and liabilities not denominated in Indian rupee (INR) | a) Cash flow forecasting b) Sensitivity analysis | a) Forward exchange contracts b) Foreign currency options c) Currency swaps |
| Market risk - interest rate risk | Long-term borrowings at variable rates | Sensitivity analysis | Interest rate swaps |
| Market risk - security prices | Investments in equity securities | Sensitivity analysis | Portfolio diversification |

The Group has formulated the Risk Management Policy whose objective is to ensure sustainable business expansion with stability, and to promote an upbeat approach in risk management process by eliminating risk. In order to achieve this key objective, this policy provides a prepared and well-organized approach to manage the various types of risk associated with day to day business of the Group and minimize adverse impact on its business objectives as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Credit risk management

a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical data and ageing of accounts receivable. Individual risk limits are set accordingly. New customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms are offered. Sale limits are established for each customers and reviewed periodically.

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. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are actual
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group.

The maximum exposure to credit risk arising from trade receivables is provided in note 10(a)

b) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Group's management in accordance with the policy of the Group. Counterparty credit limits are reviewed by the Group's management on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018, March 31, 2017 and April 1, 2016 is the carrying amounts as illustrated in Note 6 and 10 except for derivative financial instruments.

(ii) Provision for expected credit losses

| Category | Description of category | Basis for recognition of expected credit loss provision | | |
|---|--|---|-------------------------------|---------------------------------|
| | | Loans to employees | Security deposits | Trade receivables |
| High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | 12-month expected credit loss | 12-month expected credit loss | Lifetime expected credit losses |
| Quality assets, low credit risk | Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past | | | |

Year ended March 31, 2018

(a) Expected credit loss for loans and security deposits

| Particulars | Category | Description of category | Asset group | Gross carrying amount | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|--|---|---|--------------------|-----------------------|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Loans to employees | 5.96 | 0% | - | 5.96 |
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Security deposits | 160.50 | 0% | - | 160.50 |

(b) Expected credit loss for trade receivables under simplified approach

| Ageing | Not due | 0-90 days past due | 90-180 days past due | 180-360 days past due | 360-720 days past due | More than 720 days past due | Total |
|---|------------------|--------------------|----------------------|-----------------------|-----------------------|-----------------------------|------------------|
| Gross carrying amount | 13,616.98 | 6,473.00 | 2,950.03 | 333.40 | 331.54 | 179.92 | 23,884.87 |
| Expected loss rate | 0.10% | 0.20% | 0.50% | 5.00% | 50.00% | 100.00% | |
| Expected credit losses (Loss allowance provision) | 13.62 | 12.95 | 14.75 | 16.67 | 165.77 | 179.92 | 403.67 |
| Carrying amount of trade receivables (net of impairment) | 13,603.36 | 6,460.05 | 2,935.28 | 316.73 | 165.77 | - | 23,481.20 |

Year ended March 31, 2017

(a) Expected credit loss for loans and security deposits

| Particulars | Category | Description of category | Asset group | Gross carrying amount | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|--|---|---|--------------------|-----------------------|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Loans to employees | 0.66 | 0% | - | 0.66 |
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Security deposits | 157.10 | 0% | - | 157.10 |

(b) Expected credit loss for trade receivables under simplified approach

| Ageing | Not due | 0-90 days past due | 90-180 days past due | 180-270 days past due | 270-360 days past due | 360-720 days past due | More than 720 days past due | Total |
|---|------------------|--------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|------------------|
| Gross carrying amount | 12,361.98 | 4,626.97 | 3,679.63 | 343.68 | 83.83 | 253.51 | 114.31 | 21,463.91 |
| Expected loss rate | 0.10% | 0.20% | 0.50% | 5.00% | 5.00% | 50.00% | 100.00% | |
| Expected credit losses (Loss allowance provision) | 12.36 | 9.25 | 18.40 | 17.18 | 4.19 | 126.76 | 114.31 | 302.45 |
| Carrying amount of trade receivables (net of impairment) | 12,349.62 | 4,617.72 | 3,661.23 | 326.50 | 79.64 | 126.76 | - | 21,161.46 |

As at April 1, 2016

(a) Expected credit loss for loans and security deposits

| Particulars | Category | Description of category | Asset group | Gross carrying amount | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|--|---|---|--------------------|-----------------------|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Loans to employees | 1.28 | 0% | - | 1.28 |
| Loss allowance measured at 12 month expected credit losses | High quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil | Security deposits | 172.46 | 0% | - | 172.46 |

(b) Expected credit loss for trade receivables under simplified approach

| Ageing | Not due | 0-90 days past due | 90-180 days past due | 180-270 days past due | 270-360 days past due | 360-720 days past due | More than 720 days past due | Total |
|---|------------------|--------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|------------------|
| Gross carrying amount | 14,531.45 | 3,674.17 | 1,965.14 | 268.24 | 31.39 | 204.08 | 89.46 | 20,763.93 |
| Expected loss rate | 0.10% | 0.20% | 0.50% | 5.00% | 5.00% | 50.00% | 100.00% | |
| Expected credit losses (Loss allowance provision) | 14.53 | 7.35 | 9.83 | 13.41 | 1.57 | 102.04 | 89.46 | 238.19 |
| Carrying amount of trade receivables (net of impairment) | 14,516.92 | 3,666.82 | 1,955.31 | 254.83 | 29.82 | 102.04 | - | 20,525.74 |

Reconciliation of loss allowance provision - trade receivables

| Particulars | Amount |
|---|---------------|
| Loss allowance on April 1, 2016 | 238.19 |
| Changes in loss allowance | 64.26 |
| Loss allowance on March 31, 2017 | 302.45 |
| Changes in loss allowance | 101.22 |
| Loss allowance on March 31, 2018 | 403.67 |

B) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.

The Group enjoys a good reputation for its sound financial management and ability to meet in financial commitments. CRISIL, a S&P Global Company, a reputed Rating Agency, has re-affirmed the credit rating of CRISIL A/Stable for the longterm and CRISIL A1 for the Short-term Bank facilities.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-----------------------|----------------------|----------------------|---------------------|
| Floating rate | | | |
| Short term borrowings | 36,491.59 | 18,726.82 | 28,603.72 |

(ii) Maturities of financial liabilities

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments;

Contractual maturities of financial liabilities:-

| As at March 31, 2018 | Note No. | Within 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|----------|------------------|-----------------------|-------------------|------------------|
| Long term borrowings (including current maturities) | 14(a) | 931.04 | 828.41 | - | 1,759.45 |
| Short term borrowings | 17(a) | 9,676.25 | - | - | 9,676.25 |
| Trade payables | 17(b) | 24,335.65 | - | - | 24,335.65 |
| Security deposits received from customers | 17(c) | 492.37 | - | - | 492.37 |
| Creditors for capital expenditure | 17(c) | 115.67 | - | - | 115.67 |
| Interest accrued but not due on borrowings | 17(c) | 21.79 | - | - | 21.79 |
| Employee payables | 17(c) | 882.05 | - | - | 882.05 |
| Unpaid dividend account | 17(c) | 3.52 | - | - | 3.52 |
| Derivative liabilities | 17(c) | 3.27 | - | - | 3.27 |
| Total | | 36,461.61 | 828.41 | - | 37,290.02 |

| As at March 31, 2017 | Note No. | Within 1 year | Between 1 and 5 years | More than 5 years | Total |
|--|----------|------------------|-----------------------|-------------------|------------------|
| Long term borrowings | 14(a) | 1,526.50 | 1,541.76 | - | 3,068.26 |
| Short term borrowings | 17(a) | 20,595.54 | - | - | 20,595.54 |
| Trade payables | 17(b) | 19,868.41 | - | - | 19,868.41 |
| Security deposits received from customers | 17(c) | 547.02 | - | - | 547.02 |
| Creditors for capital expenditure | 17(c) | 46.40 | - | - | 46.40 |
| Interest accrued but not due on borrowings | 17(c) | 29.93 | - | - | 29.93 |
| Employee payables | 17(c) | 781.54 | - | - | 781.54 |
| Unpaid dividend account | 17(c) | 3.81 | - | - | 3.81 |
| Derivative liabilities | 17(c) | 260.21 | - | - | 260.21 |
| Total | | 43,659.36 | 1,541.76 | - | 45,201.12 |

| As at April 1, 2016 | Note No. | Within 1 year | Between 1 and 5 years | More than 5 years | Total |
|--|----------|------------------|-----------------------|-------------------|------------------|
| Long term borrowings | 14(a) | 2,732.36 | 2,904.99 | - | 5,637.35 |
| Short term borrowings | 17(a) | 15,136.93 | - | - | 15,136.93 |
| Trade payables | 17(b) | 21,171.54 | - | - | 21,171.54 |
| Security deposits received from customers | 17(c) | 499.64 | - | - | 499.64 |
| Creditors for capital expenditure | 17(c) | 51.88 | - | - | 51.88 |
| Interest accrued but not due on borrowings | 17(c) | 82.46 | - | - | 82.46 |
| Employee payables | 17(c) | 710.86 | - | - | 710.86 |
| Unpaid dividend account | 17(c) | 4.11 | - | - | 4.11 |
| Derivative liabilities | 17(c) | 201.80 | - | - | 201.80 |
| Total | | 40,591.58 | 2,904.99 | - | 43,496.57 |

C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. The Group hedges its exposure to fluctuations on the foreign currency loan by using foreign currency swaps and forwards.

At March 31, 2018, March 31, 2017 and April 01, 2016, the Group's hedge position is stated in Note 32. This foreign currency risk is hedged by using foreign currency forward contracts and full currency interest rate swaps.

Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and JPY exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

| Particulars | Impact on profit before tax | |
|---|---|----------------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| USD sensitivity | | |
| INR/USD - increase by 1% (March 31, 2017: 2%) | (148.74) | (125.03) |
| INR/USD - decrease by 1% (March 31, 2017: 2%) | 148.74 | 125.03 |
| | Impact on other comprehensive income | |
| JPY sensitivity [with respect to investment in equity shares of OAT Agrio Co. Ltd. (company listed on Tokyo Stock exchange)] | Year ended March 31, 2018 | Year ended March 31, 2017 |
| INR/JPY - increase by 5% (March 31, 2017: 1%) | 41.55 | 3.10 |
| INR/JPY - decrease by 5% (March 31, 2017: 1%) | (41.55) | (3.10) |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. At March 31, 2018, 99.86% (March 31, 2017: 99.82%, April 1, 2016 - 99.46%) of the Group's total borrowings are at a fixed rate of interest. As on March 31, 2018, the Group's borrowings were mainly denominated in INR and USD. In case of ECBs, the Group raises them at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|----------------------|----------------------|---------------------|
| Variable rate borrowings | | | |
| Short term borrowings | 9,676.25 | 20,595.54 | 15,136.93 |
| Long term borrowings (including current maturities) | 97.75 | 449.05 | 1,105.09 |
| Fixed rate borrowings - Long term (including current maturities) | 1,661.70 | 2,619.21 | 4,532.26 |
| Total borrowings | 11,435.70 | 23,663.80 | 20,774.28 |

As at the end of the reporting period, the Company had the following long term variable rate borrowings (including current maturities) and interest rate swap contracts outstanding:

| Particulars | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|--|----------------------------------|--------------|------------------|--------------------------|--------------|------------------|----------------------------------|---------------|------------------|
| | Interest rates | Balance | % of total loans | Interest rates | Balance | % of total loans | Interest rates | Balance | % of total loans |
| Bank borrowings | Libor + 3%, 8.50% - 11.00% | 97.75 | 0.85% | Libor + 3%, 11.50% | 449.05 | 1.90% | Libor+ 2.5% - 3.5%, 12.50% | 1,105.09 | 5.32% |
| Cross currency interest rate swaps (notional principal amount) | 11.75% | (81.46) | 0.71% | 11.75% | (405.34) | 1.71% | Libor + 1.60%, 11.35% | (993.75) | 4.78% |
| Net exposure to cash flow interest rate risk | | 16.29 | 0.14% | | 43.71 | 0.18% | | 111.34 | 0.54% |

(b) Sensitivity

The Company's exposure to long-term floating rate borrowings (mainly on account of vehicle loans) is not significant hence the sensitivity is not disclosed.

(iii) Price risk

(a) Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group in equity shares of OAT Agrio Co. Ltd. (Co-venturer of J.V.) and classified in the balance sheet as fair value through OCI (note 30).

(b) Sensitivity

The Group's investment in equity shares of OAT Agrio Co. Ltd. (Co-venturer of J.V.) is publicly traded in the Japanese stock exchange. With all other variables held constant, a 10% movement in the market value of the equity instrument will increase or decrease other comprehensive income by INR 83.11 (March 31, 2017: INR 31.03)

35. CAPITAL MANAGEMENT

(a) Risk management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. For the purpose of the Group's capital management, net debt includes interest bearing loans and borrowings, less cash and cash equivalents. Capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

| Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|-----------------------------------|-------------------|----------------------|----------------------|---------------------|
| Total debt | 14(a),17(a),17(c) | 11,435.70 | 23,663.80 | 20,774.28 |
| (Less): Cash and cash equivalents | 10(b) | (1,956.32) | (684.86) | (711.53) |
| Net debt | | 9,479.38 | 22,978.94 | 20,062.75 |
| Total capital | 12,13 | 54,759.02 | 46,455.70 | 40,526.84 |
| Capital and net debt | | 64,238.40 | 69,434.64 | 60,589.59 |
| Gearing ratio | | 15% | 33% | 33% |

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018 & March 31, 2017

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

(b) Dividends

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended April 1, 2016 |
|---|---------------------------|---------------------------|--------------------------|
| (i) Dividends paid on equity shares | | | |
| Final dividend for the year ended March 31, 2017 of INR Rs. 2 (April 1, 2016 - Nil) per fully paid share | 413.35 | - | - |
| (ii) Dividends on equity shares not recognised at the end of the reporting period | | | |
| In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR Rs. 2 per fully paid equity share (March 31, 2017: INR Rs. 2). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting | 413.35 | 413.35 | - |

The amount of dividend distribution tax on dividends that were proposed or declared before the financial statements were approved for issue, but are not recognised as a liability amounts to INR 84.97 (March 31, 2017: INR 84.16)

36. INTERESTS IN OTHER ENTITIES

a) Interests in joint venture

Set out below is the joint venture of the Group as at March 31, 2018. The entity listed below has share capital consisting solely of equity shares, which is held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| Name of entity | Place of business | % of ownership interest | Relationship | Status | Accounting method | Carrying amount | | |
|--|-------------------|-------------------------|---------------|---------|-------------------|----------------------|----------------------|---------------------|
| | | | | | | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
| OAT & IIL India Laboratories Private Limited | India | 20% | Joint venture | Audited | Equity method | 820.09 | 788.14 | 757.99 |

OAT & IIL India Laboratories Private Limited (OAT & IIL) is involved in the business of undertaking scientific and technical research experiments, product development, bio-equivalency studies and developing New Chemical Entities (NCEs). It is an unlisted entity so quoted prices are not available.

b) Commitments, contingent liabilities and contingent assets in respect of joint venture

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|----------------------|----------------------|---------------------|
| Share of commitments in respect of unpaid preference dividend of joint venture | 0.00 | 0.00 | 0.00 |

c) Summarised financial information for joint venture

The tables below provide summarised financial information for the Group's joint venture. The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture and not the Group's share in those amounts.

| Summarised balance sheet | OAT & IIL India Laboratories Private Limited | | |
|--|--|-------------------------|------------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
| Particulars | | | |
| Current assets | | | |
| Cash and cash equivalents | 1,183.34 | 940.24 | 554.94 |
| Other assets | 877.54 | 913.86 | 965.08 |
| Total current assets | 2,060.88 | 1,854.10 | 1,520.02 |
| Total non-current assets | 2,320.72 | 2,331.48 | 2,472.78 |
| Total assets | 4,381.60 | 4,185.58 | 3,992.80 |
| Current liabilities | | | |
| Financial liabilities (excluding trade payables) | 38.72 | 0.26 | 15.81 |
| Other liabilities | 167.06 | 196.88 | 155.77 |
| Total current liabilities | 205.78 | 197.14 | 171.58 |
| Non-current liabilities | | | |
| Financial liabilities (excluding trade payables) | - | - | - |
| Other liabilities | 75.37 | 47.71 | 31.25 |
| Total non-current liabilities | 75.37 | 47.71 | 31.25 |
| Net assets | 4,100.45 | 3,940.73 | 3,789.97 |

| Reconciliation to carrying amounts | As at March 31, 2018 | As at March 31, 2017 |
|------------------------------------|-------------------------|-------------------------|
| Opening net assets | 3,940.73 | 3,789.97 |
| Profit for the year | 158.85 | 149.95 |
| Other comprehensive income | 0.88 | 0.82 |
| Closing net assets | 4,100.46 | 3,940.74 |
| Company's share in % | 20% | 20% |
| Carrying amount | 820.09 | 788.14 |

| Summarised Statement of Profit and Loss | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Revenue from operations | 1,278.68 | 1,143.73 |
| Interest income | 100.76 | 96.59 |
| Other income | 2.17 | 5.11 |
| Total revenue | 1,381.61 | 1,245.43 |
| Expenses | | |
| Employee benefit expenses | 476.22 | 400.18 |
| Finance costs | 0.28 | 5.95 |
| Depreciation & amortisation expenses | 211.39 | 245.69 |
| Other expenses | 463.66 | 371.91 |
| Total expenses | 1,151.55 | 1,023.73 |
| Profit before tax | 230.06 | 221.70 |
| Tax expense | 71.21 | 71.75 |
| Profit after tax | 158.85 | 149.95 |
| Other comprehensive income | 0.88 | 0.82 |
| Total comprehensive income | 159.73 | 150.77 |

37. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of manufacturing and distribution of Agro-chemicals comprising of technical and formulation, hence there is one operating segment.

Entity wide disclosures as applicable to the Company are mentioned below:-

a) Information about geographical areas:

| Revenue from external customers | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---------------------------------|---------------------------|---------------------------|
| Within India | 106,640.75 | 106,465.25 |
| Outside India | 3,413.23 | 1,160.30 |
| Total revenue | 110,053.98 | 107,625.55 |

The basis for attributing revenues from external customer is based on the country of domicile of the respective customers.

b) Revenue from Major Customers: There is no customer having revenue amounting to 10% or more of Company's total revenue.

38. RELATED PARTY TRANSACTIONS

(i) Names of related parties and related party relationship:-

a) Key Management Personnel (KMP)

1. Sh. Hari Chand Aggarwal - Chairman
2. Sh. Rajesh Aggarwal - Managing Director
3. Ms. Nikunj Aggarwal - Whole-time Director
4. Sh. Sandeep Aggarwal - Chief Financial Officer
5. Sh. Pankaj Gupta - Company Secretary (Upto March 29, 2017)
6. Sh. Sandeep Kumar - Company Secretary (w.e.f. April 17, 2017)

b) Independent directors

1. Sh. Vrijesh Kumar Gupta
2. Mr. Navin Shah
3. Mr. Jayaraman Swaminathan
4. Mr. Deepak Gupta (appointed w.e.f. April 30, 2016 & resigned w.e.f. January 15, 2018)
5. Mr Vinod Kumar Mittal
6. Sh. Navneet Goel (resigned w.e.f. September 21, 2016)
7. Sh. Anil Kumar Singh (resigned w.e.f. July 12, 2016)
8. Sh. Gopal Chandra Agarwal (resigned w.e.f. September 21, 2016)

c) Relatives of KMPs

1. Sh. Sanjeev Aggarwal
2. Ms. Sonia Aggarwal
3. Ms. Anju Aggarwal
4. Mrs Pushpa Aggarwal

d) Enterprises over which the Company exercises joint control

1. OAT & IIL India Laboratories Private Limited

e) Enterprises over which key management personnel and their relatives have control / significant influence:

1. Paras Agro Industries
2. ISEC Organics Ltd.
3. Evergreen Mineral Industries
4. Valve & Phneumatics
5. Vinod Metals Industries
6. Crystal Crop Protection Pvt. Ltd.
7. HPM Chemicals & Fertilizers Ltd.
8. Crop Care Federation of India
9. IIL foundation

(ii) Transactions during the year with related parties:-

| Particulars | Enterprises over which key management personnel and their relatives have control / significant influence | | Entities over which the Company exercises joint control | | Key Management Personnel | | Relatives of Key Management Personnel | | Independent Directors | |
|-------------------------------|--|---------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Advertisement expense | 1.21 | 2.12 | - | - | - | - | - | - | - | - |
| Crop Care Federation of India | 1.21 | 2.12 | - | - | - | - | - | - | - | - |
| Consultancy expenses | - | - | - | - | - | - | 8.56 | 8.56 | - | - |
| Sonia Aggarwal | | | | | | | 8.56 | 8.56 | | |

| Particulars | Enterprises over which key management personnel and their relatives have control / significant influence | | Entities over which the Company exercises joint control | | Key Management Personnel | | Relatives of Key Management Personnel | | Independent Directors | |
|--|--|---------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Deputation fee income | - | - | 24.52 | 3.70 | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | | | 24.52 | 3.70 | | | | | | |
| Membership & Subscription expense | 7.63 | 5.00 | - | - | - | - | - | - | - | - |
| Crop Care Federation of India | 7.63 | 5.00 | | | | | | | | |
| Purchase of Capital Goods | - | 0.69 | - | - | - | - | - | - | - | - |
| Vinod Metal Industries | | 0.69 | | | | | | | | |
| Purchases of Traded Goods | 2,762.39 | 5,759.94 | - | - | - | - | - | - | - | - |
| Crystal Crop Protection Pvt Ltd | 2,137.15 | 5,518.75 | | | | | | | | |
| Evergreen Mineral Industries | 26.88 | 101.52 | | | | | | | | |
| HPM Chemical & Fertilizers Limited | 577.92 | 87.26 | | | | | | | | |
| Paras Agro Industries | 18.91 | 50.72 | | | | | | | | |
| Valves & Pneumatics | 1.53 | 1.69 | | | | | | | | |
| Purchases of Raw Material | 79.78 | 67.56 | - | - | - | - | - | - | - | - |
| Vinod Metal Industries | 79.78 | 67.56 | | | | | | | | |
| Other Expenses | 8.26 | | | | | | | | | |
| Crop Care Federation of India | 8.26 | - | | | | | | | | |
| R & D Expenses | - | - | 306.65 | 262.36 | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | | | 306.65 | 262.36 | | | | | | |
| Rent paid | 67.32 | 57.95 | - | - | - | - | 2.40 | 1.44 | - | - |
| ISEC Organics Ltd | 67.32 | 57.95 | - | - | - | - | - | - | - | - |
| Smt. Pushpa Aggarwal | - | - | - | - | - | - | 2.40 | 1.44 | - | - |
| Rental Income | - | - | 4.67 | 1.58 | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | | | 4.67 | 1.58 | | | | | | |

| Particulars | Enterprises over which key management personnel and their relatives have control / significant influence | | Entities over which the Company exercises joint control | | Key Management Personnel | | Relatives of Key Management Personnel | | Independent Directors | |
|----------------------------|--|---------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Remuneration paid | - | - | - | - | 309.35 | 301.08 | 29.27 | 26.63 | - | - |
| Sh. Hari Chand Aggarwal | | | | | 124.01 | 114.01 | | | | |
| Sh. Rajesh Aggarwal | | | | | 103.30 | 101.96 | | | | |
| Smt. Nikunj Aggarwal | | | | | 41.28 | 40.17 | | | | |
| Sandeep Aggarwal | | | | | 33.28 | 27.62 | | | | |
| Pankaj Gupta | | | | | - | 17.32 | | | | |
| Sandeep Kumar | | | | | 7.48 | | | | | |
| Anju Aggarwal | | | | | | | 11.11 | 10.21 | | |
| Sanjeev Aggarwal | | | | | | | 18.16 | 16.42 | | |
| Contribution to CSR | 148.78 | 93.70 | | | | | | | | |
| IIL foundation | 148.78 | 93.70 | | | | | | | | |
| Sitting fees | - | - | - | - | - | - | - | - | 7.00 | 13.00 |
| Mr Vinod Kumar Mittal | | | | | | | | | 1.50 | 2.75 |
| Mr. Deepak Gupta | | | | | | | | | 0.25 | 1.75 |
| Mr. Jayaraman Swaminathan | | | | | | | | | 2.50 | 4.00 |
| Mr. Navin Shah | | | | | | | | | 1.25 | 1.75 |
| Sh. Vrijesh Kumar Gupta | | | | | | | | | 1.50 | 2.75 |

(iii) Balance outstanding with related parties

| Particulars | Enterprises over which key management personnel and their relatives have control / significant influence | | | Entities over which the Company exercises joint control | | | Key Management Personnel | | | Relatives of Key Management Personnel | | |
|--|--|----------------------|---------------------|---|----------------------|---------------------|--------------------------|----------------------|---------------------|---------------------------------------|----------------------|---------------------|
| | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
| Remuneration payable | - | - | - | - | - | - | 13.95 | 22.14 | 16.54 | 1.90 | 2.01 | 1.92 |
| Sh. Hari Chand Aggarwal | - | - | - | - | - | - | 5.16 | 5.89 | 6.25 | - | - | - |
| Sh. Rajesh Aggarwal | - | - | - | - | - | - | 4.39 | 5.65 | 5.57 | - | - | - |
| Smt. Nikunj Aggarwal | - | - | - | - | - | - | 1.99 | 2.20 | 2.20 | - | - | - |
| Sanjeev Aggarwal | - | - | - | - | - | - | - | - | - | 1.05 | 1.20 | 1.10 |
| Anju Aggarwal | - | - | - | - | - | - | - | - | - | 0.85 | 0.81 | 0.82 |
| Sandeep Aggarwal | - | - | - | - | - | - | 1.71 | 1.47 | 1.65 | - | - | - |
| Pankaj Gupta | - | - | - | - | - | - | - | 6.93 | 0.87 | - | - | - |
| Sandeep Kumar | - | - | - | - | - | - | 0.70 | - | - | - | - | - |
| Payables | 1,390.20 | 99.95 | 166.39 | - | - | - | - | - | - | 0.66 | 0.66 | 0.65 |
| Paras Agro Industries | - | 12.46 | 4.49 | - | - | - | - | - | - | - | - | - |
| Evergreen Mineral Industries | - | 2.31 | - | - | - | - | - | - | - | - | - | - |
| Vinod Metal Industries | 35.32 | 28.05 | 24.71 | - | - | - | - | - | - | - | - | - |
| Valves & Pneumatics | - | - | 0.08 | - | - | - | - | - | - | - | - | - |
| Crystal Crop Protection Pvt Ltd | 1,247.66 | - | 134.69 | - | - | - | - | - | - | - | - | - |
| HPM Chemical & Fertilizers Limited | 82.17 | 56.22 | - | - | - | - | - | - | - | - | - | - |
| ISEC Organics Ltd | 0.06 | - | - | - | - | - | - | - | - | - | - | - |
| Crop Care Federation of India | 7.56 | 0.91 | 2.42 | - | - | - | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | 17.43 | - | - | - | - | - | - | - | - | - | - | - |
| Sonia Aggarwal | - | - | - | - | - | - | - | - | - | 0.66 | 0.66 | 0.65 |
| Advances given | 0.31 | 5.43 | 3.82 | - | - | - | - | - | - | - | - | - |
| Evergreen Mineral Industries | 0.31 | - | 1.87 | - | - | - | - | - | - | - | - | - |
| OAT & IIL India Laboratories Private Limited | - | 5.43 | 1.95 | - | - | - | - | - | - | - | - | - |

(iv) Key management personnel compensation

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|------------------------------|---------------------------|---------------------------|
| Short-term employee benefits | 278.73 | 293.36 |
| Post-employment benefits | 30.62 | 6.68 |
| Long-term employee benefits | - | 1.04 |
| Total | 309.35 | 301.08 |

(v) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39. CONTINGENT LIABILITIES

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|----------------------|----------------------|---------------------|
| a) Bank Guarantee | 326.93 | 277.93 | 265.93 |
| b) Excise Matter with Appellate Authority, New Delhi (Period Covered – September 2004 to August 2007) | 352.10 | - | 186.11 |
| c) Sales Tax Matters | 397.57 | 373.16 | 542.05 |
| d) Bank charges against CC Limit | - | - | 22.87 |
| e) Revenue Department | 89.60 | 89.60 | - |
| Total | 1,166.20 | 740.69 | 1,016.96 |

With respect to contingent liabilities reported at (b), (c) & (e) above, the management has taken an opinion from the legal advisors / professionals engaged by them and expects that the appeals will be decided in the favor. Therefore, the probability of outflow of resources is remote.

40. COMMITMENTS
a) Commitments with respect to:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|----------------------------------|-------------------------|-------------------------|------------------------|
| Letter of Credits (FLC & ILC) | 3,915.66 | 12,236.23 | 7,106.87 |
| Import Bills Accepted with Banks | - | 644.62 | 1,013.41 |
| | 3,915.66 | 12,880.85 | 8,120.28 |

b) Capital commitments - Estimated amount of Contracts remaining to be executed on capital accounts (net of advances) and not provided for INR 201.30 {(March 31, 2017- NIL (April 1, 2016 - INR NIL)}.

c) Lease commitments

Aggregate lease payments made under cancellable operating leases during the year is INR 346.63 (March 31, 2017: INR 333.39). There were no non-cancellable operating leases.

41. EARNINGS PER SHARE

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Profit for the year | 8,429.13 | 5,969.89 |
| Weighted average number of shares (Face value INR Rs 10/- each) | 20,667,796 | 20,667,796 |
| (a) Basic earnings per share (INR) | 40.78 | 28.88 |
| (b) Diluted earnings per share (INR)* | 40.78 | 28.88 |

*There are no dilutive potential equity shares.

42. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|--|-------------|-------------------------|-------------------------|------------------------|
| Current | | | | |
| Financial assets | | | | |
| <i>First charge</i> | | | | |
| Trade receivables | 10(a) | 23,481.20 | 21,161.46 | 20,525.74 |
| Loans | 10(d) | 5.96 | 0.66 | 1.28 |
| Other financial assets | 10(e) | 327.95 | 455.41 | 674.69 |
| | | 23,815.11 | 21,617.53 | 21,201.71 |
| Non-financial assets | | | | |
| Inventories | 9 | 40,728.95 | 42,577.66 | 35,060.38 |
| Other current assets | 11 | 569.26 | 562.69 | 454.27 |
| Total current assets pledged as security | | 65,113.32 | 64,757.88 | 56,716.36 |
| Non-Current | | | | |
| Financial assets | | | | |
| <i>First charge</i> | | | | |
| Security deposits | 6(b) | 160.50 | 157.10 | 172.46 |
| Non-financial assets | | | | |
| Property, plant and equipment | 3 | 22,837.65 | 18,137.13 | 19,110.01 |
| Capital work-in-progress | 3 | 1,268.32 | 5,694.57 | 5,071.31 |
| Other non-current assets | 7 | 636.23 | 54.94 | 97.06 |
| Total non-currents assets pledged as security | | 24,902.70 | 24,043.74 | 24,450.84 |
| Total assets pledged as security | | 90,016.02 | 88,801.62 | 81,167.20 |

43. The Balances shown under the head Trade Receivables and Trade Payables are subject to confirmation and reconciliations. However, the Group has initiated the process of obtaining confirmations from trade receivables and payables.

44. Amount due to Micro & Small enterprises under MSMED Act, 2006 is INR 825.86 (March 31, 2017: Nil, April 01, 2016: Nil). There are no overdue amounts payable to Micro, Small and Medium enterprises as required by Micro, Small & Medium Enterprises Development Act, 2006, as on the Balance Sheet date to the extent such enterprises have been identified based on information available with the Group. In view of this there is no overdue interest payable.

45 First time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

These financial statements, for the year ended March 31, 2018, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with Previous GAAP or Indian GAAP. Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on or after March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2016, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Previous GAAP or Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following notes and tables:

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

1. Ind AS optional exemptions

a) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment including capital work-in-progress as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets including intangible assets under development covered by Ind AS 38 Intangible assets.

Accordingly, the Group has elected to measure all of the mentioned assets at their previous GAAP carrying value.

b) Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVTOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investment in equity investments.

c) Derivatives

The Group has measured all derivatives at fair value at the date of transition and de-recognised all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.

d) Determining whether an arrangement contain a lease

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 lease contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place at the date of transition.

2. Ind AS mandatory exceptions

a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 and March 31, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following item in accordance with Ind AS at the date of transition as this was not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model.
- Derivatives

b) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from a date of entity's choosing provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets into amortised cost or FVTOCI on the basis of the facts and circumstances that exist at the date of transition to Ind AS, if retrospective application is impracticable.

Accordingly, the Group has determined the classification and measurement of financial assets into amortised cost or FVTOCI based on the facts and circumstances that exist on the date of transition.

B. Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition (April 1, 2016)

| Particulars | Notes to first time adoption | Previous GAAP* | Adjustments | Ind AS |
|---|------------------------------|------------------|-----------------|------------------|
| ASSETS | | | | |
| 1 NON-CURRENT ASSETS | | | | |
| (a) Property, plant and equipment | 1 | 19,134.93 | (24.92) | 19,110.01 |
| (b) Capital work-in-progress | | 5,071.31 | - | 5,071.31 |
| (c) Intangible assets | | 259.61 | - | 259.61 |
| (d) Intangible assets under development | | 51.26 | - | 51.26 |
| (e) Investment in joint venture | 3 | 759.87 | (1.88) | 757.99 |
| (f) Financial Assets | | | | - |
| (i) Investments | 2 | 313.54 | (7.06) | 306.48 |
| (ii) Others | 4 | 196.72 | 66.86 | 263.58 |
| (g) Other non-current assets | 4 | 686.23 | (125.44) | 560.79 |
| (h) Non-current tax assets (net) | | 196.44 | - | 196.44 |
| TOTAL NON-CURRENT ASSETS | | 26,669.91 | (92.44) | 26,577.47 |
| 2 CURRENT ASSETS | | | | |
| (a) Inventories | | 35,060.38 | - | 35,060.38 |
| (b) Financial Assets | | | | - |
| (i) Trade receivables | 5 | 20,763.93 | (238.19) | 20,525.74 |
| (ii) Cash and cash equivalents | | 711.53 | - | 711.53 |
| (iii) Bank balances other than (ii) above | | 236.67 | - | 236.67 |
| (iv) Loans | | 1.28 | - | 1.28 |
| (v) Others | 4 | 526.05 | 148.64 | 674.69 |
| (c) Other current assets | | 5,723.94 | - | 5,723.94 |
| TOTAL CURRENT ASSETS | | 63,023.78 | (89.55) | 62,934.23 |
| TOTAL ASSETS | | 89,693.69 | (181.99) | 89,511.70 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share capital | | 2,066.78 | - | 2,066.78 |
| (b) Other Equity | | 38,787.85 | (364.80) | 38,423.05 |
| Total equity | | 40,854.63 | (364.80) | 40,489.83 |
| LIABILITIES | | | | |
| 1 NON-CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 4 | 2,829.99 | 75.00 | 2,904.99 |
| (b) Provisions | | 56.03 | - | 56.03 |
| (c) Deferred tax liabilities (net) | 6 | 485.65 | (177.64) | 308.01 |
| TOTAL NON-CURRENT LIABILITIES | | 3,371.67 | (102.64) | 3,269.03 |
| 2 CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 4 | 15,197.73 | (60.80) | 15,136.93 |
| (ii) Trade Payables | | 21,171.54 | - | 21,171.54 |
| (iii) Other financial liabilities | 4 | 3,936.86 | 346.25 | 4,283.11 |
| (b) Provisions | | 84.00 | - | 84.00 |
| (c) Other current liabilities | | 5,077.26 | - | 5,077.26 |
| TOTAL CURRENT LIABILITIES | | 45,467.39 | 285.45 | 45,752.84 |
| TOTAL EQUITY AND LIABILITIES | | 89,693.69 | (181.99) | 89,511.70 |

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of equity as at March 31, 2017*

| Particulars | Notes to first time adoption | Previous GAAP* | Adjustments | Ind AS |
|---|------------------------------|------------------|-----------------|------------------|
| ASSETS | | | | |
| 1 NON-CURRENT ASSETS | | | | |
| (a) Property, plant and equipment | 1 | 18,166.60 | (29.47) | 18,137.13 |
| (b) Capital work-in-progress | | 5,694.57 | - | 5,694.57 |
| (c) Intangible assets | | 322.10 | - | 322.10 |
| (d) Intangible assets under development | | 123.50 | - | 123.50 |
| (e) Investment in joint venture | 3 | 784.35 | 3.79 | 788.14 |
| (f) Financial Assets | | - | | - |
| (i) Investments | 2 | 313.54 | (3.25) | 310.29 |
| (iii) Others | 4 | 183.00 | 11.70 | 194.70 |
| (g) Other non-current assets | | 512.32 | - | 512.32 |
| (h) Non-current tax assets (net) | | 234.79 | - | 234.79 |
| TOTAL NON-CURRENT ASSETS | | 26,334.77 | (17.23) | 26,317.54 |
| 2 CURRENT ASSETS | | | | |
| (a) Inventories | | 42,577.66 | - | 42,577.66 |
| (b) Financial Assets | | | | - |
| (i) Trade receivables | 5 | 21,463.91 | (302.45) | 21,161.46 |
| (ii) Cash and cash equivalents | | 684.86 | - | 684.86 |
| (iii) Bank balances other than (ii) above | | 237.17 | - | 237.17 |
| (iv) Loans | | 0.66 | - | 0.66 |
| (v) Others | 4 | 408.63 | 46.78 | 455.41 |
| (c) Other current assets | 4 | 6,481.70 | (82.25) | 6,399.45 |
| TOTAL CURRENT ASSETS | | 71,854.59 | (337.92) | 71,516.67 |
| TOTAL ASSETS | | 98,189.36 | (355.15) | 97,834.21 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| (a) Equity Share capital | | 2,066.78 | - | 2,066.78 |
| (b) Other Equity | | 44,625.16 | (243.10) | 44,382.06 |
| TOTAL EQUITY | | 46,691.94 | (243.10) | 46,448.84 |
| LIABILITIES | | | | |
| 1 NON-CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 4 | 1,528.50 | 13.26 | 1,541.76 |
| (b) Provisions | | 50.73 | - | 50.73 |
| (c) Deferred tax liabilities (net) | 6 | 1,007.13 | (114.49) | 892.64 |
| TOTAL NON-CURRENT LIABILITIES | | 2,586.36 | (101.23) | 2,485.13 |
| 2 CURRENT LIABILITIES | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 4 | 20,624.19 | (28.65) | 20,595.54 |
| (ii) Trade Payables | | 19,868.41 | - | 19,868.41 |
| (iii) Other financial liabilities | 4 | 3,177.58 | 17.83 | 3,195.41 |
| (b) Provisions | | 85.49 | - | 85.49 |
| (c) Other current liabilities | | 5,155.39 | - | 5,155.39 |
| TOTAL CURRENT LIABILITIES | | 48,911.06 | (10.82) | 48,900.24 |
| TOTAL EQUITY AND LIABILITIES | | 98,189.36 | (355.15) | 97,834.21 |

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

Reconciliation of total comprehensive income for the year ended March 31, 2017

| Particulars | Notes to first time adoption | Previous GAAP* | Adjustments | Ind AS |
|--|------------------------------|-------------------|-------------------|-------------------|
| INCOME | | | | |
| Revenue from operations | 7 | 110,739.77 | (3,112.87) | 107,626.90 |
| Other Income | 4 | 223.13 | 459.61 | 682.74 |
| TOTAL INCOME | | 110,962.90 | (2,653.26) | 108,309.64 |
| EXPENSES | | | | |
| Cost of raw material and components consumed | | 62,890.63 | - | 62,890.63 |
| Purchase of Traded Goods | | 14,286.19 | - | 14,286.19 |
| Changes in inventories of finished goods, work-in-progress and traded goods | | (2,950.75) | - | (2,950.75) |
| Excise Duty | 7 | - | 8,205.90 | 8,205.90 |
| Employee benefits expense | 8 | 4,572.28 | (21.37) | 4,550.91 |
| Finance Costs | | 2,023.29 | - | 2,023.29 |
| Depreciation and amortization expense | 1 | 1,595.67 | 4.54 | 1,600.21 |
| Other expenses | 4,5,7 | 20,545.69 | (11,039.06) | 9,506.63 |
| TOTAL EXPENSES | | 102,963.00 | (2,849.99) | 100,113.01 |
| Profit before tax and share of net profits of investments accounted for using equity method | | 7,999.90 | 196.73 | 8,196.63 |
| Share of net profit of joint venture accounted for using the equity method | 3 | 24.48 | 5.51 | 29.99 |
| PROFIT BEFORE TAX | | 8,024.38 | 202.24 | 8,226.62 |
| Tax Expenses | | | | |
| - Current Tax | 8 | 2,065.58 | 7.40 | 2,072.98 |
| - Deferred Tax | 6 | 121.49 | 62.26 | 183.75 |
| TOTAL TAX EXPENSES | | 2,187.07 | 69.66 | 2,256.73 |
| PROFIT FOR THE PERIOD | | 5,837.31 | 132.58 | 5,969.89 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Changes in fair value of FVTOCI equity instruments | 2 | - | 3.81 | 3.81 |
| Remeasurement of net defined benefit plans | 8 | - | (21.37) | (21.37) |
| Share of other comprehensive income of joint venture accounted for using the equity method | 3 | - | 0.24 | 0.24 |
| Income tax relating to these items | 6,8,3 | - | 6.44 | 6.44 |
| Other comprehensive income for the period (net of tax) | | - | (10.88) | (10.88) |
| Total comprehensive income for the period | | 5,837.31 | 121.70 | 5,959.01 |

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(All amounts in INR in 'Lacs', unless mentioned otherwise)

Reconciliation of total equity as at March 31, 2017 and April 1, 2016

| Particulars | Notes to first time adoption | As at March 31, 2017 | As at April 1, 2016 |
|---|------------------------------|----------------------|---------------------|
| Total equity (shareholder's fund) as per previous GAAP | | 46,691.94 | 40,854.63 |
| Adjustments: | | | |
| Fair valuation of derivatives | 4 | (26.21) | (270.38) |
| Fair valuation of FVTOCI investments | 2 | (3.25) | (7.06) |
| Expected credit loss on trade receivables | 5 | (302.45) | (238.19) |
| Depreciation on leasehold land | 1 | (29.47) | (24.92) |
| Adjustments on share of profit of joint venture | 3 | 3.79 | (1.88) |
| Tax impact | 6 | 114.49 | 177.63 |
| Total adjustments | | (243.10) | (364.80) |
| Total equity as per Ind AS | | 46,448.84 | 40,489.83 |

Reconciliation of total comprehensive income for the year ended March 31, 2017

| Particulars | Notes to first time adoption | Year ended March 31, 2017 |
|---|------------------------------|---------------------------|
| Profit after tax as per previous GAAP | | 5,837.31 |
| Adjustments: | | |
| Fair valuation of derivatives | 4 | 244.16 |
| Expected credit loss on trade receivables | 5 | (64.26) |
| Remeasurements of defined benefit obligations | 8 | 21.37 |
| Depreciation on leasehold land | 1 | (4.54) |
| Adjustments on share of profit of joint venture | 3 | 5.51 |
| Tax impact | 6,8 | (69.66) |
| Total adjustments | | 132.58 |
| Profit after tax as per Ind AS | | 5,969.89 |
| Other comprehensive income | 2,5,7 | (10.88) |
| Total comprehensive income as per Ind AS | | 5,959.01 |

1 Leasehold land

Under Previous GAAP, land leases under perpetual leases were not depreciated. However, Ind AS requires such land leases (which do not provide an option to renew) to be depreciated over the lease term. Accordingly, property, plant and equipment is decreased by INR 29.47 (April 1, 2016 - INR 24.92), profit for the year has decreased by INR 4.54 and total equity has as at March 31, 2017 decreased by INR 29.47 (April 1, 2016 - INR 24.92).

2 Fair valuation of investments

Under Previous GAAP, the Group recognised long-term investments in equity shares at cost less provision for diminution in the value of investments. Under Ind AS, the Group has designated such investments as FVTOCI and measured them at fair value through Other comprehensive income. This has decreased total equity by INR 2.50 as at March 31, 2017 (April 1, 2016 - INR 5.43). Other comprehensive income for the year ended March 31, 2017 increased by INR 2.93 (net of tax impact of INR 0.88). The investment in equity instruments decreased by INR 3.25 (April 1, 2016 - INR 7.06).

3 Share of profit in joint ventures

"Under Ind AS, the joint venture of the Group, OAT & IIL India Labs Private Limited prepared its financial statements in accordance with Previous GAAP or Indian GAAP. However, in line with the first time adoption of Ind AS by the parent Group, the joint venture also adopted Ind AS w.e.f. March 31, 2018 along with the comparative period data of March 31, 2017 and opening balance sheet as on April 1, 2016. As a result of the transition by the joint venture, the investment in joint ventures and total equity of the Group as on March 31, 2017 increased by INR 3.79 (April 1, 2016: decrease of INR 1.88). The profit and loss and other comprehensive income for the year ended March 31, 2017 increased by INR 5.51 and INR 0.16 respectively.

Under previous GAAP, the joint venture was consolidated on a line-by-line basis using proportionate consolidation method. However, under Ind AS, the joint venture is consolidated based on equity method. Further, previous GAAP numbers have been re-stated to conform to the equity method of consolidation prescribed under Ind AS.

4 Derivative instruments

"Under Previous GAAP, the forward premium was amortised as expense over the tenure of the swap. Further, the net mark-to market losses on derivative financial instruments, as at the Balance Sheet date, were recognised in statement of profit and loss and the net gains, if any, were ignored. Under Ind AS, such derivative financial instruments are to be recognised at fair value and the changes are

recognised in statement of profit and loss. Therefore, unamortised premium as at March 31, 2017 amounting to INR 82.25 (April 1, 2016 - INR 125.44) presented under other current and non-current assets has been de-recognised. Further, forward contract payable amounting to INR 207.46 (April 1, 2016 - INR Nil) has also been de-recognised.

Under Ind AS, Derivative assets (non-current) amounting to INR 11.70 (April 1, 2016 - INR 66.86), derivative assets (current) amounting to INR 46.78 (April 1, 2016 - INR 148.64) and derivative liabilities (current) amounting to INR 170.96 (April 1, 2016 - INR 198.89) have been recorded.

Further, the associated long term borrowings have increased by 13.26 (April 1, 2016 - INR 75.00), short term borrowings have decreased by INR 28.65 (April 1, 2016 - INR 60.80), other financial liabilities have increased by INR 54.33 (April 1, 2016 - 147.36).

As a result of the above adjustments, profit for the year ended March 31, 2017 increased by INR 244.16 and total equity as on March 31, 2017 decreased by INR 26.21 (April 1, 2016 - 270.38).

5 Expected credit loss on receivables

Under Indian GAAP, Group has recognised specific amount towards impairment of Trade receivables on the basis of incurred losses. Under Ind AS, impairment allowance has been recognised based on Expected Credit Loss basis (ECL). As a result, the receivables decreased by INR 302.45 as at March 31, 2017 (April 1, 2016 - INR 238.19). Consequently, the total equity as at March 31, 2017 decreased by INR 302.45 (April 1, 2016 - INR 238.19) and profit for the year ended March 31, 2017 decreased by INR 64.26.

6 Deferred taxes

Under Previous GAAP, deferred taxes were recognized 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. In addition, the various transitional adjustments has led to temporary differences. Accordingly, Group has accounted for deferred tax on such differences in retained earnings and other comprehensive income. The net impact on deferred tax liabilities as at March 31, 2017 was an decrease of INR 114.49 (April 1, 2016 - INR 177.64). The profit and other comprehensive income for the year ended March 31, 2017 decreased by INR 62.26 and INR 0.88 respectively

7 Revenue from operations

Under Previous GAAP, discounts and incentives to customers were disclosed as an expense in the statement of profit and loss. Under Ind AS, such expenses have been netted off from revenue. Further, under previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. As a result revenue for the year ended March 31, 2017 is lower by INR 3,112.87 the other expenses have decreased by INR 11,318.77 and excise duty expense has increased by INR 8,205.90. There is no impact on total equity and profit.

8 Re-measurement of defined benefit obligations

Under Previous GAAP, re-measurements i.e. actuarial gains and losses and the return on plan assets (excluding amounts included in the net interest expense on the net defined benefit liability) were recognised in employee benefit expenses. Under Ind AS, such re-measurements are recognised in other comprehensive income (OCI). As a result of this change, the profit for the year ended March 31, 2017 has increased and OCI has decreased by INR 13.97 (net of current tax amounting to INR 7.40). There is no impact on the total equity as at March 31, 2017

9 Other comprehensive income

Under Previous GAAP, the Group has not presented other comprehensive income (OCI) separately. Items of income and expense that are recognised in "other comprehensive income" includes remeasurements of defined benefit plans and fair value gains or (losses) on FVTOCI equity instruments. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

10 Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

11 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows. Therefore, no reconciliation for the same has been presented.

46. STATUTORY GROUP INFORMATION

AS AT MARCH 31, 2018

| Name of the entity in the Group | Consolidated Net Assets, i.e. Total Assets minus Total Liabilities | | Share in Consolidated Profit and Loss | | Share in Consolidated Other Comprehensive Income | | Share in Consolidated Total Comprehensive income | |
|--|--|---------------------------------|---------------------------------------|--------------------------------------|--|---|--|---|
| | Amount | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit and Loss | Amount | As % of Consolidated Other Comprehensive Income | Amount | As % of Consolidated Total Comprehensive Income |
| Parent | | | | | | | | |
| Insecticides (India) Limited | 54,759.02 | 99.95% | 8,397.36 | 99.62% | 403.47 | 99.96% | 8,800.83 | 99.64% |
| Joint venture (Investment as per equity method) | | | | | | | | |
| OAT & IIL India Laboratories Private Limited | 25.09 | 0.05% | 31.77 | 0.38% | 0.18 | 0.04% | 31.95 | 0.36% |
| Total equity | 54,784.11 | | 8,429.13 | | 403.65 | | 8,832.78 | |

AS AT MARCH 31, 2017

| Name of the entity in the Group | Consolidated Net Assets, i.e. Total Assets minus Total Liabilities | | Share in Consolidated Profit and Loss | | Share in Consolidated Other Comprehensive Income | | Share in Consolidated Total Comprehensive income | |
|--|--|---------------------------------|---------------------------------------|--------------------------------------|--|---|--|---|
| | Amount | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit and Loss | Amount | As % of Consolidated Other Comprehensive Income | Amount | As % of Consolidated Total Comprehensive Income |
| Parent | | | | | | | | |
| Insecticides (India) Limited | 46,455.70 | 100.01% | 5,939.90 | 99.50% | (11.04) | 101.47% | 5,928.86 | 99.49% |
| Joint venture (Investment as per equity method) | | | | | | | | |
| OAT & IIL India Laboratories Private Limited | (6.86) | -0.01% | 29.99 | 0.50% | 0.16 | -1.47% | 30.15 | 0.51% |
| Total equity | 46,448.84 | | 5,969.89 | | (10.88) | | 5,959.01 | |

As per our separate report of even date annexed herewith

FOR AND ON BEHALF OF THE BOARD

For Devesh Parekh & Co.

Chartered Accountants

For S. S. Kothari Mehta & Co.

Chartered Accountants

Hari Chand Aggarwal

Chairman

DIN: 00577015

Rajesh Aggarwal

Managing Director

DIN: 00576872

Devesh Parekh

Proprietor

Membership No.- 092160

Firm Registration No. - 013338N

Harish Gupta

Partner

Membership No.- 098336

Firm Registration No. - 000756N

Nikunj Aggarwal

Whole Time Director

DIN: 06569091

Place : Delhi

Date : May 28, 2018

Sandeep Aggarwal

Chief Financial Officer

Sandeep Kumar

Company Secretary

INSECTICIDES (INDIA) LIMITED

Corporate Identification Number (CIN): L65991DL1996PLC083909

Regd. Office: 401-402, Lusa Tower, Azadpur Commercial Complex, Delhi – 110033;

E-mail: investor@insecticidesindia.com; Telefax: +91 – 11 – 2769700 – 04

Website: www.insecticidesindia.com

NOTICE

NOTICE is hereby given that the Twenty-first Annual General Meeting of the members of **Insecticides (India) Limited** will be held on Wednesday, 08th day of August, 2018 at 12.30 P.M. at M. P. C. U. Shah Auditorium, Civil Lines, Delhi 110054, to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions**:

a. “**RESOLVED** that the audited financial statement of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

b. **RESOLVED** that the audited consolidated financial statement of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To declare dividend on Equity Shares for the Financial Year ended March 31, 2018 and in this regard pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED** that a dividend at the rate of ₹ 2/- (Two rupees only) per equity share of ₹ 10/- (Ten rupees) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2018 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended March 31, 2018.”

3. To appoint a Director in place of Shri Hari Chand Aggarwal (DIN: 00577015), who retires by rotation and being eligible, offers himself for re-appointment and in this regard pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED** that pursuant to the provisions of Section 152 of the Companies Act, 2013,

Shri Hari Chand Aggarwal (DIN: 00577015), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Special Business

4. To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2019 and in this regard, pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED** that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) the remuneration, as approved by the Board of Directors and set out in the Statement annexed to the Notice convening this Meeting, to be paid to M/s Aggarwal Ashwani K & Associates, Cost Accountant, Firm Registration No. 100191 the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year ending March 31, 2019, be and is hereby ratified.”

5. To re-appoint Shri Hari Chand Aggarwal as Whole-time Director and in this regard, to pass, the following resolution as an **Special Resolution**:

“**RESOLVED** that in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the company hereby approves the re-appointment and terms of remuneration of Shri Hari Chand Aggarwal (DIN: 00577015) as Chairman and Whole-time Director of the Company, who will attain the age of 70 (Seventy) Years as on November 05, 2018, for a period of 5 (five) years, w.e.f. October 01, 2017, whose office shall be liable to retire by rotation, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year

during the tenure of his appointment) with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Shri Hari Chand Aggarwal.

RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

6. To re-appoint Smt. Nikunj Aggarwal as Whole-time Director and in this regard, to pass, the following resolution as an **Ordinary Resolution**:

“**RESOLVED** that in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the company hereby approves the re-appointment and terms of remuneration of Smt. Nikunj Aggarwal (DIN: 06569091) as Whole-time Director of the Company, for a period of 5 (five) years, w.e.f. May 02, 2018, whose office shall be liable to retire by rotation, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of her appointment) with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Smt. Nikunj Aggarwal.”

“**RESOLVED FURTHER** that the Board of Directors of the Company (which term shall be deemed to

include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

7. Revision in remuneration of Shri Rajesh Aggarwal, Managing Director and in this regard, to pass, the following resolution as an **Special Resolution**:

“**RESOLVED** that in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Special Resolution passed by the members in Annual General Meeting held on August 08, 2017 for re-appointment, consent of the Company be and is hereby accorded for revision of remuneration of Shri Rajesh Aggarwal, (DIN : 00576872) Managing Director, with effect from April 01, 2018, for remaining period of his tenure upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Shri Rajesh Aggarwal.

RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

By Order of the Board of Directors

Sandeep Kumar
Company Secretary and Chief Compliance Officer

Delhi, May 28, 2018

Registered Office:
401-402, Lusa Tower,
Azadpur Commercial Complex,
Delhi – 110033

NOTES:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the Annual General Meeting ("Meeting") is annexed hereto.
2. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.
3. Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto.
4. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a certified true copy of relevant Board Resolution together with the specimen signature(s), of the representative(s) authorized under the said Board Resolution to attend and vote on their behalf at the Meeting.
5. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
6. **The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting and the business set out in the Notice will be transacted through such voting.** Information and instructions including details of user id and password relating to e-voting are sent herewith. **Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again. The members who have cast their vote(s) by using remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting.**
7. In terms of the provisions of Section 152 of the Act, Shri Hari Chand Aggarwal, Directors, retire by rotation at the Meeting. Human Resources, Nomination and Remuneration Committee and the Board of Directors of the Company recommend his re-appointment.
8. Shri Hari Chand Aggarwal, Shri Rajesh Aggarwal and Smt. Nikunj Aggarwal are interested in the Resolutions set out at Item Nos. 3, 5, 6 and 7 respectively, of the Notice with regard to their re-appointment. Shri Hari Chand Aggarwal, Shri Rajesh Aggarwal and Smt. Nikunj Aggarwal, being related to each other may be deemed to be interested in the resolution set out at Item Nos. 3, 5, 6 and 7 of the Notice. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Business set out under Item Nos. 1 to 7 of the Notice.
9. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting, held on August 08, 2017.
10. Details of Directors retiring by rotation / seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
11. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e. except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will be also available for inspection by members at the Meeting. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.
12. The dividend on equity shares, if declared at the meeting, will be credited/dispatched within a stipulated period as per Companies Act, 2013 from the conclusion of the meeting:
 - a. To all beneficial owner in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on July 30, 2018;

- b. To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company as of the close of business hours on July 30, 2018.
13. Members holding shares in electronic mode are requested to intimate any change in their address or bank mandates to their Depository Participants (“DPs”) with whom they are maintaining their demat accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / Company’s Registrar and Transfer Agents, i.e. Alankit Assignments Limited (AAL).
 14. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or AAL for assistance in this regard. Further, SEBI has decided that securities of listed companies can be transferred only in dematerialised form from a cut-off date, to be notified. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
 15. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or AAL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
 16. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2009-10, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on August 08, 2017 (date of the previous Annual General Meeting) on the website of the Company and the same can be accessed through the link: http://www.insecticidesindia.com/UnpaidDividend/UnclaimedSheet2017_website.pdf. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.
 17.
 - a. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2017-18,
 - NIL** shares transferred to the IEPF Authorities Account, there was no such case wherein dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer, i.e. September 28, 2017.
 - b. Members may note that unclaimed dividend transferred to IEPF Authority can be claimed back from them. Concerned members/ investors are advised to visit the weblink: <http://iepf.gov.in/IEPFA/refund.html> or contact AAL for lodging claim for refund of shares and / or dividend from the IEPF Authority.
 18. The Register of Members and Share Transfer Books of the Company will remain closed from July 31, 2018 to August 08, 2018 (both days inclusive).
 19. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
 20. Members holding shares in physical mode:
 - a. are required to submit their Permanent Account Number (PAN) and bank account details to the Company / AAL, if not registered with the Company as mandated by SEBI;
 - b. are advised to register the nomination in respect of their shareholding in the Company in Nomination Form (SH-13);
 - c. are requested to register / update their e-mail address with the Company / AAL for receiving all communications from the Company electronically.
 21. Members holding shares in electronic mode:
 - a. are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their de-mat accounts.
 - b. are advised to contact their respective DPs for registering the nomination.
 - c. are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
 22. Non-Resident Indian members are requested to inform AAL / respective DPs, immediately of:
 - a. Change in their residential status on return to India for permanent settlement.
 - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

23. The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2017-18 will also be available on the Company's website viz. www.insecticidesindia.com.
24. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs / AAL
25. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
26. The cut-off date for the purpose of remote e-voting and voting at the AGM shall be August 01, 2018.
27. The Board of Directors has appointed Akash Gupta & Associates, Company Secretaries, (PCS Regis. No. 11038) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
28. The facility for voting, through polling paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM. Remote e-voting shall not be allowed beyond Tuesday, August 07, 2018 at 5:00 p.m.
29. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- 30. The instructions for e-voting are as under:-**
- A. In case a Member receives an e-mail from CDSL (for Members whose e-mail addresses are registered with the Company / Depositories):
- The voting period begins on Friday, August 03, 2018 at 09.00 a.m. and ends on Tuesday, August 07, 2018 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date August 01, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - Members holding shares in physical or in demat form as on August 01, 2018, shall only be eligible for e-voting.
 - The shareholders should log on to the e-voting website www.evotingindia.com.
 - Click on Shareholders / Members
 - Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login.
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|---|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN – 160811006 for Insecticides (India) Limited.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- B. In case a Member receives a physical copy of the Notice of the AGM (for Members whose do not hold Valid PAN:

- (i) Initial password is provided in the enclosed separate sheet in the envelope.
 - (ii) Please follow all steps from Sl. No. 30 A, above, to cast vote.
- C. Other Instructions
- (i) The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the Meeting through electronic voting system or poll paper.
 - (ii) Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at www.evotingindia.com. However, if you are already registered with CDSL for remote e-voting then you can use your existing used ID and password for casting your vote. if you forget your password, you can reset your password by using "Forgot Detail/Password?" or "Physical user reset password" option available on www.evotingindia.com.
 - (iii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
 - (iv) The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.insecticidesindia.com and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to the National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.
 - (v) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, shall be made available at the commencement of the meeting and shall remain open and accessible to the members during the continuance of the meeting.

By Order of the Board of Directors

Sandeep Kumar
Company Secretary and Chief Compliance Officer

Delhi, May 28, 2018

Registered Office:
401-402, Lusa Tower,
Azadpur Commercial Complex,
Delhi – 110033

EXPLANATORY STATEMENT IN RESECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO. 4

The Board of Directors of the Company on the recommendation of the Audit Committee has approved the appointment and remuneration of Aggarwal Ashwani K. & Associates, Cost Accountants, Delhi (Firm Regd. No. 100191), to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board, has to be ratified by the members of the Company

Accordingly, ratification by the members is sought to the remuneration of Rs.3,25,000/- (Rupees Three Lakh Twenty Five Thousand) (excluding service tax & out of pocket expenses) payable to the Cost Auditor for Financial year ending March 31, 2019 by passing Ordinary Resolution as set out at Item No. 4 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by the members.

ITEM NO. 5

The tenure of Shri Hari Chand Aggarwal (DIN: 00577015) as the Chairman and Whole-time Director of the Company has been expired on September 30, 2017. The Board of Directors at their meeting held on August 08, 2017, subject to approval of Members of the Company, has accorded its approval to re-appoint Shri Hari Chand Aggarwal (DIN: 00577015) as the Chairman and Whole-time Director of the Company for a further period of five years with effect from October 01, 2017 to September 30, 2022, on the terms and conditions including remuneration as recommended by the HR and Nomination and Remuneration Committee of the Board.

It is proposed to seek members' approval for the re-appointment and remuneration payable to Shri Hari Chand Aggarwal as Chairman & Whole-time Director of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of, and remuneration payable to, Shri Hari Chand Aggarwal are as under:

(a) Salary, perquisite and Allowances per annum:

- (i) Rs.9,00,000/- (Rupees Nine Lakhs only) per month w.e.f October 01, 2017. The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. The Whole-time Director is entitled to medical reimbursement as per the policy of the Company for senior managerial executives.
- (ii) The Company's contribution to provident fund, superannuation or annuity fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, may not be included for the purpose of computation of the overall ceiling of remuneration.

(b) Remuneration based on Net Profit

- (i) In addition to the salary, perquisites and allowances as set out above, Shri Hari Chand Aggarwal shall be entitled to receive Commission upto 5% (five percent) of the net profit of the Company, which will be determined by the Board and Committee of the Board for each financial year.
- (ii) The overall remuneration payable every year to the Shri Hari Chand Aggarwal, Whole-time Director of the Company by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc., as the case may be, shall not exceed in aggregate 5% (Five percent) of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof.

(c) Minimum Remuneration

During the tenure in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites as specified above, subject to the provisions of Schedule V of the Companies Act, 2013.

The above terms may be varied, altered, increased, enhanced or widened from time to time by the Nomination & Remuneration Committee or Board as it may in its discretion deem fit, within the maximum

amounts payable in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard.

(d) General

- (i) The Chairman & Whole-time Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Chairman & Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Chairman & Whole-time Director shall adhere to the Company's Code of Conduct.
- (iv) The office of Chairman & Whole-time Director may be terminated by the Company or by him by giving the other 3 (three) months' prior notice in writing.

As per Part I of Schedule V of the Companies Act, 2013 one of the conditions to be fulfilled for the appointment or re-appointment is that the Executive Director has completed the age of 21 years and has not attained the age of 70 years. However, the Executive Director can be appointed or re-appointed even after attaining the age of 70 years subject to his/ her appointment or re-appointment is approved by way of a Special Resolution passed by the Company in General Meeting and in such condition there is no further approval of the Central Government shall be required for such appointment or re-appointment.

Shri Hari Chand Aggarwal has attained the age of 69 year and during his proposed tenure for the further period of 5 years w.e.f. October 01, 2017 to September 30, 2022 as the Chairman & Whole-time Director, he will attain the age of 70 years. Considering the said facts and provisions of the Schedule V, the Company proposes to take necessary approval of the Members of the Company by way of a Special Resolution instead of an Ordinary Resolution as required for said re-appointment, to avoid any ambiguity in compliance of Schedule V of the Companies Act in respect of said re-appointment.

The Board recommends and proposes to pass the resolution set out at item no. 5. of the notice as an Special Resolution. The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to Section 196 of the Companies Act, 2013.

Shri Hari Chand Aggarwal is interested in the resolution set out at Item No. 5 of the Notice. Shri Rajesh Aggarwal and Smt. Nikunj Aggarwal, being related to Shri Hari Chand Aggarwal may be deemed to be interested in the said resolution. The other relatives of Shri Hari Chand Aggarwal may be deemed to be interested in the said resolution of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The relevant resolutions passed at the Board and Committee Meetings and other allied documents being referred in the resolution, are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 01.00 p.m. upto the date of AGM and will also be available for inspection at the venue of the AGM.

ITEM NO. 6

The tenure of Smt. Nikunj Aggarwal (DIN: 006569091) as Whole-time Director of the Company has been expired on May 01, 2018. The Board of Directors at their meeting held on February 07, 2018, subject to approval of Members of the Company, has accorded its approval to re-appoint Smt. Nikunj Aggarwal (DIN: 006569091) as Whole-time Director of the Company for a further period of five years with effect from May 02, 2018 to May 01, 2023 on the terms and conditions including remuneration as recommended by the HR and Nomination and Remuneration Committee of the Board.

It is proposed to seek members' approval for the re-appointment and remuneration payable to Smt. Nikunj Aggarwal as Whole-time Director of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of, and remuneration payable to, Smt. Nikunj Aggarwal are as under:

Remuneration

Rs.3,42,486/- (Rupees Three lakhs forty two thousand four hundred eighty six only) per month or Rs.41,09,838 (Rupees Fourty one lakhs nine thousand eight hundred thirty eight only) per annum (Inclusive of Dearness Allowance) and Cost to the Company will be Rs. 3,80, 160/- (Rupees Three lacs eighty thousand one hundred sixty only) per Month and Rs. 45,61,920/- (Rupees forty five lacs sixty one thousand nine hundred twenty only) per annum

Perquisites

- a. Free use of telephone facility at the residence.
- b. Payment of mobile phone bill on actual basis used by himself and his family members.
- c. Use of company's car along with the driver.

The above perquisites shall be evaluated as per Income-tax Rules, wherever applicable. Half Payment of mobile phone bill used by her shall be included in the computation of perquisites. The Company shall be paying the amount of insurance premium as key man and accidental insurance policies. Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company, as per rules of the Company.

The Company shall pay Approx Bonus of Rs.2,05,492/- and Rs. 2,46,590/- as PF (Employer's Share).

The Company may pay over and above the mentioned amount according to the General HR Policy.

Provident Fund, Superannuation/Annuity Fund and Gratuity

Smt. Nikunj Aggarwal shall be entitled to the Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, Bonus, Gratuity payable and other benefits as per rules of the Company.

Provision of Car

As per the rules of the Company

Minimum Remuneration

During the tenure in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites as specified above, subject to the provisions of Schedule V of the Companies Act, 2013.

The above terms may be varied, altered, increased, enhanced or widened from time to time by the Nomination & Remuneration Committee or Board as it may in its discretion deem fit, within the maximum amounts payable in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard.

The Board recommends and proposes to pass the resolution set out at item no. 6. of the notice as an Ordinary Resolution. The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to Section 196 of the Companies Act, 2013.

Smt. Nikunj Aggarwal is interested in the resolution set out at Item No. 6 of the Notice. Shri Rajesh Aggarwal and Shri Hari Chand Aggarwal, being related to Smt. Nikunj Aggarwal may be deemed to be interested in the said resolution. The other relatives of Smt. Nikunj Aggarwal may be deemed to be interested in the said resolution of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the

Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The relevant resolutions passed at the Board and Committee Meetings and other allied documents being referred in the resolution, are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 01.00 p.m. upto the date of AGM and will also be available for inspection at the venue of the AGM.

ITEM NO. 7

In terms of the provisions of Sections 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and Articles of Association of the Company, revision in the remuneration of Shri Rajesh Aggarwal, Managing Director requires approval of the shareholders.

Shri Rajesh Aggarwal was re-appointed as Managing Director for a period of Three years w.e.f. November 15, 2016 by the members on August 08, 2017. Keeping in view Shri Rajesh Aggarwal's performance, the complexities of the responsibilities handled by him, industry remuneration benchmarks, the Board of Directors upon recommendation of the HR and Nomination and Remuneration Committee recommends the following revised remuneration to Shri Rajesh Aggarwal.

(a) Salary, perquisite and Allowances per annum:

- (i) Rs.8,00,000/- (Rupees Eight Lakhs only) per month. *(Approved by the Shareholders in the 20th Annual General Meeting of the Company held on August 08, 2017)* The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. The Managing Director is entitled to medical reimbursement as per the policy of the Company for senior managerial executives.
- (ii) The Company's contribution to provident fund, superannuation or annuity fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, may not be included for the purpose of computation of the overall ceiling of remuneration.

(b) Remuneration based on Net Profit

- (i) In addition to the salary, perquisites and allowances as set out above, Shri Rajesh

Aggarwal shall be entitled to receive remuneration based on net profit in form of commission upto 5% (five percent) of the net profit of the Company, which will be determined by the Board and Committee of the Board for each financial year.

- (ii) The overall remuneration payable every year to the Managing Director by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc., as the case may be, shall not exceed in aggregate 5% (Five percent) of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof.

(c) Minimum Remuneration

During the tenure in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites as specified above, subject to the provisions of Schedule V of the Companies Act, 2013.

The above terms may be varied, altered, increased, enhanced or widened from time to time by the Nomination & Remuneration Committee or Board as it may in its discretion deem fit, within the maximum amounts payable in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard.

(d) General

- (i) The Managing Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.

- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Managing Director shall adhere to the Company's Code of Conduct.
- (iv) The office of Managing Director may be terminated by the Company or by him by giving the other 3 (three) months' prior notice in writing.

Except for the aforesaid revision in salary, all other terms and conditions of his re-appointment as the Managing Director of the Company as approved earlier by the shareholders, shall remain unchanged. The Board recommends and proposes to pass the resolution set out at item no. 7. of the notice as a Special Resolution. The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms of appointment pursuant to Section 196 of the Companies Act, 2013.

Shri Rajesh Aggarwal is interested in the resolution set out at Item No. 7 of the Notice. Shri Hari Chand Aggarwal and Smt. Nikunj Aggarwal, being related to Shri Rajesh Aggarwal may be deemed to be interested in the said resolution. The other relatives of Shri Rajesh Aggarwal may be deemed to be interested in the said resolution of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The relevant resolutions passed at the Board and Committee Meetings and other allied documents being referred in the resolution, are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 01.00 p.m. upto the date of AGM and will also be available for inspection at the venue of the AGM.

By Order of the Board of Directors

Sandeep Kumar
 Company Secretary and Chief Compliance Officer

Delhi, May 28, 2018

Registered Office:

401-402, Lusa Tower,
 Azadpur Commercial Complex,
 Delhi – 110033

Annexure to the Notice dated May 28, 2018

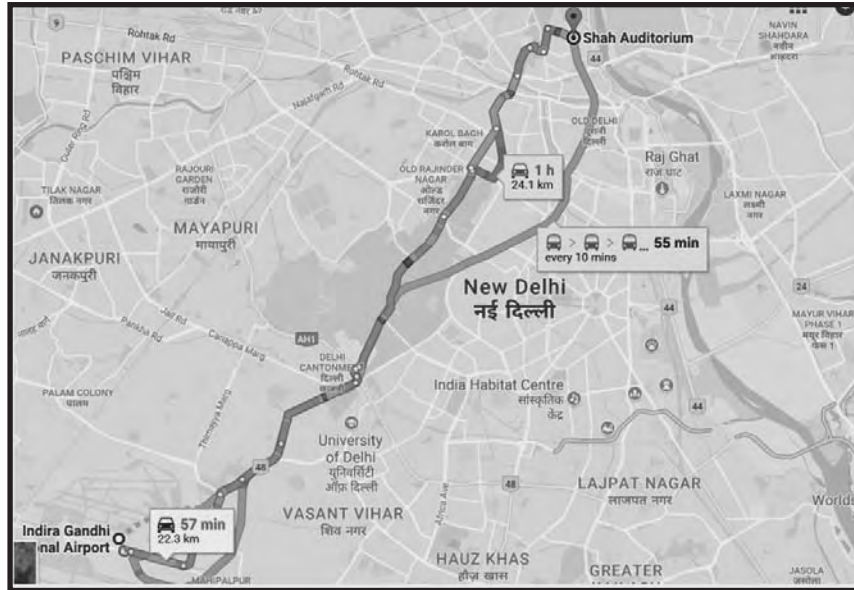
Information of Director retiring by rotation and the Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, in accordance with provisions of Companies Act, 2013 and Secretarial Standards, as on the date of Notice

| Name of the Director | Shri Rajesh Aggarwal | Shri Hari Chand Aggarwal | Smt. Nikunj Aggarwal |
|---|---|---|--|
| Directors Identification Number (DIN) | 00576872 | 00577015 | 06569091 |
| Date of Birth (Age in Years) | September 2, 1970 (48) | November 05, 1948 (69) | January 01, 1973 (45) |
| Original Date of Appointment | December 18, 1996 | October 12, 2001 | May 02, 2013 |
| Qualification | Graduate | Metric | Graduate |
| Experience and expertise in specific functional area | Vast experience in Agro Chemical Industry including Marketing, Manufacturing and Administration. Please refer Company's website: www.insecticidesindia.com for detailed profile. | 4 decades of Experience in Agro Chemical Industry. Please refer Company's website: www.insecticidesindia.com for detailed profile. | More than 10 years of experience of Administration in Agro Chemical Industry. Please refer Company's website: www.insecticidesindia.com for detailed profile. |
| Remuneration last drawn | As mentioned in Corporate Governance Report | | |
| Number of meeting of Board attended during the year (2017-2018) | 5 | 4 | 4 |
| Shareholding in Insecticides (India) Limited | 5292900 Equity Shares | 923400 Equity Shares | 1125000 Equity Shares |
| Relationship with other Directors / KMPs | Son of Shri Hari Chand Aggarwal, Chairman & Whole-time Director and Spouse of Smt. Nikunj Aggarwal, Whole-time Director and not related to any other Director / Key Managerial Personnel | Father of Shri Rajesh Aggarwal, Managing Director and Father-in-Law of Smt. Nikunj Aggarwal, whole-time Director and not related to any other Director / Key Managerial Personnel | Spouse of Shri Rajesh Aggarwal, Managing Director and Daughter-in-Law of Shri Hari Chand Aggarwal, chairman and Whole-time Director and not related to any other Director / Key Managerial Personnel |
| Terms and conditions of re-appointment and remuneration | As per the resolution at item no. 3 and 7 of the Notice convening this Meeting read with explanatory statement thereto, Shri Rajesh Aggarwal is proposed to be re-appointed in term of Section 152 (6) of the Act, who was re-appointed as Managing Director at the AGM held on August 08, 2017 is liable to retire by rotation | As per the resolution at item no. 5 of the Notice convening this Meeting read with explanatory statement thereto, Shri Hari Chand Aggarwal is proposed to be re-appointed as Chairman and Whole-time Director | As per the resolution at item no. 6 of the Notice convening this Meeting read with explanatory statement thereto, Smt. Nikunj Aggarwal is proposed to be re-appointed as Whole-time Director |
| Directorships of other Boards as on March 31, 2018 | 1. OAT & IIL India Laboratories Private Limited 2. Emroyal Shiksha Private Limited | Crop Care Federation of India | Nil |
| Membership / Chairmanship of committees of other Boards as on March 31, 2018 | Nil | Nil | Nil |

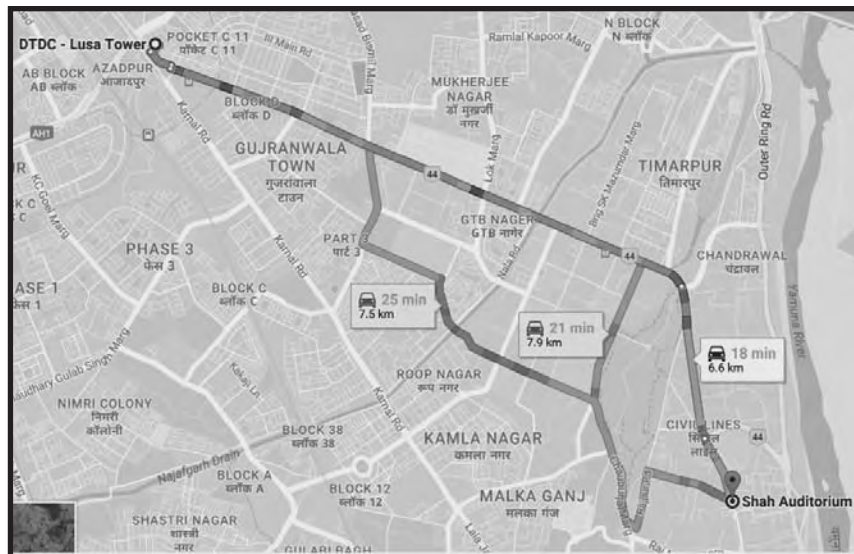
ROUTE MAP TO THE AGM VENUE

Venue : M. P. C. U. Shah Auditorium,
Civil Lines, Delhi – 110 054

Date & Time : Wednesday, August 08, 2018 at 12:30 p.m.



Distance From Indira Gandhi International Airport : 24 Km



Distance from Registered Office : 7 Km



INSECTICIDES (INDIA) LIMITED

CIN: L65991DL1996PLC083909

Regd. Office: 401-402, Lusa Tower, Azadpur Commercial Complex, Delhi – 110033;

Website: www.insecticidesindia.com; E-mail: investor@insecticidesindia.com;

Telefax: +91 – 11 – 2769700 – 04

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint shareholders may obtain additional slip at the venue of the Meeting

DP Id*

Folio No.

Client Id*

No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER:

I/We hereby record my/ our presence at the 21st Annual General Meeting of the members of the Company held on Wednesday, August 08, 2018 at 12:30 p.m. at M.P.C.U. Shah Auditorium, Civil lines, Delhi-110 054

*Applicable for investors holding shares in electronic form

Member's /Proxy's Signature

Note: Please produce this Admission Slip duly filled and signed at the entrance of the meeting hall, Members intending to appoint a proxy may use the Proxy Form given herewith.



INSECTICIDES (INDIA) LIMITED

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Telefax: +91 – 11 – 2769700 – 04

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)

Folio No. / Client ID

DP ID

Reg. Address

Email ID

I/We, being the member(s) of.....shares of the above named company, hereby appoint

1of..... having E-mail Id:.....or failing him;

2of..... having E-mail Id:.....or failing him;

3of..... having E-mail Id:.....or failing him;

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 21st Annual General Meeting of the members of the Company, to be held on Wednesday, August 08, 2018 at 12:30 p.m. at M.P.C.U. Shah Auditorium, Civil Lines, New Delhi 110 054 and at any adjournment thereof in respect of such resolution as are indicated below:

** I wish my above proxy to vote in the manner as indicated in the box below:

| Resolution | | **Optional | |
|-------------------|--|------------|---------|
| Ordinary Business | | For | Against |
| 1 | Consider and adopt: a. Audited Financial Statement for the financial year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon | | |
| | b. Audited Consolidated Financial Statement for the financial year ended March 31, 2018 and the Report of Auditors thereon | | |
| 2 | Declaration of dividend on Equity Shares for FY Ended March 31, 2018. | | |
| 3 | Re-appointment of Shri. Hari Chand Aggarwal (DIN: 00577015), a director retiring by rotation. | | |

Important Communication to Members

The Companies Act, 2013 is taking step forward in promoting “Green Initiative” by providing for service of documents by a Company to its Members through electronic mode. The move of the Ministry allows public at large to contribute to the green movement to help to environment. To support this green initiative of the Government in full measure, Members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to intimate the Company or Registrar of the Company i.e. Alankit Assignments Limited, New Delhi.

| Resolution | | **Optional | |
|------------------|--|------------|--|
| Special Business | | | |
| 4 | Ratification of remuneration of Cost Auditors for the financial year ending March 31, 2019 | | |
| 5 | Re-appointment of Shri. Hari Chand Aggarwal (DIN: 00577015) as Chairman and Whole-time Director | | |
| 6 | Re-appointment of Smt. Nikunj Aggarwal (DIN: 06569091) as Whole-time Director. | | |
| 7 | Revision of Remuneration of Shri Rajesh Aggarwal (DIN: 00576872), Managing Director of the Company | | |

Signed thisday of.....2018.

Signature of the Shareholder

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

Signature of First proxy holder

Signature of Second proxy holder

Signature of Third proxy holder

Note:

1. **This form of proxy in order to be effective should be duly completed and deposited at the registered Office of the Company at 401-402, Lusa Tower, Azadpur Commercial Complex, Delhi - 110033, not less than 48 hours before the commencement of the Meeting.**
2. **A proxy need not be a member of the Company and shall prove his identity at the time of attending the Meeting.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder
4. For the Resolutions, Explanatory Statement and Notes, Please refer to the Notice of the 21st Annual General Meeting.
5. **It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
6. Appointing a proxy does not prevent a member from attending the Meeting in person if he / she so wishes. When a Member appoints a Proxy and both the Member and Proxy attend the Meeting, the Proxy will stand automatically revoked.
7. In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.
8. This form of proxy shall be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.
9. This form of proxy will be valid only if it is duly complete in all respects, properly stamped and submitted as per the applicable law. Incomplete form or form which remains unstamped or inadequately stamped or form upon which the stamps have not been cancelled will be treated as invalid.
10. Undated proxy form will not be considered valid.
11. If Company receives multiple proxies for the same holdings of a member, the proxy which is dated last will be considered valid; if they are not dated or bear the same date without specific mention of time, all such multiple proxies will be treated as invalid.

CORPORATE OFFICE & **BRANCHES**



