INDO RAMA SYNTHETICS (INDIA) LIMITED

Registered Office : A-31, MIDC Industrial Area, Butibori–441122, District Nagpur, Maharashtra.
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UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / SIX MONTHS ENDED 30 SEPTEMBER 2015

Part 1

(Rs. in crores, unless otherwise indicated)

S.No.	Particulars		Quarter Ended			Six Months Ended		Year Ended
			30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
			Un-audited			Un-audited		Audited
1	**Income from operations**							
	(a) Net sales/income from operations (Net of excise duty)		609.68	627.92	716.81	1,237.60	1,422.08	2,708.90
	(b) Other operating income (refer note 7 and note 8)		22.53	14.56	14.05	37.09	27.25	52.48
	Total income from operations (net)		**632.21**	**642.48**	**730.86**	**1,274.69**	**1,449.33**	**2,761.38**
2	**Expenses**							
	(a) Cost of materials consumed		504.00	554.94	630.64	1,058.94	1,191.69	2,192.84
	(b) Changes in inventories of finished goods and work-in-progress		9.79	(72.33)	(70.07)	(62.54)	(68.54)	(39.84)
	(c) Employee benefits expense		25.93	27.55	22.36	53.48	45.24	92.09
	(d) Other expenses		83.87	99.77	114.92	183.64	204.21	393.85
	Total expenses before depreciation and amortisation, finance costs and exceptional items		**623.59**	**609.93**	**697.85**	**1,233.52**	**1,372.60**	**2,638.94**
3	**Profit from operations before depreciation and amortisation, other income, finance costs and exceptional items**	**(1-2)**	**8.62**	**32.55**	**33.01**	**41.17**	**76.73**	**122.44**
4	Depreciation and amortisation expense		19.09	20.27	32.70	39.36	63.71	117.16
5	**Total expenses after depreciation and amortisation but before finance costs and exceptional items**	**(2+4)**	**642.68**	**630.20**	**730.55**	**1,272.88**	**1,436.31**	**2,756.10**
6	**(Loss) / Profit from operations before other income, finance costs and exceptional items**	**(1-5)**	**(10.47)**	**12.28**	**0.31**	**1.81**	**13.02**	**5.28**
7	Other income		1.28	1.52	4.00	2.80	6.77	9.81
8	**(Loss) / Profit from ordinary activities before finance costs and exceptional items**	**(6+7)**	**(9.19)**	**13.80**	**4.31**	**4.61**	**19.79**	**15.09**
9	Finance costs		13.78	10.58	11.55	24.36	21.62	43.38
10	**(Loss) / Profit from ordinary activities after finance costs but before exceptional items**	**(8-9)**	**(22.97)**	**3.22**	**(7.24)**	**(19.75)**	**(1.83)**	**(28.29)**
11	**Exceptional items (refer note 5)**							
	-Foreign exchange fluctuation (loss) / gain		(10.07)	3.27	(13.24)	(6.80)	(1.63)	15.02
	-Inventory losses		(25.96)	-	-	(25.96)	-	(20.75)
12	**(Loss) / Profit from ordinary activities before tax**	**(10+11)**	**(59.00)**	**6.49**	**(20.48)**	**(52.51)**	**(3.46)**	**(34.02)**
13	**Income tax expense / (credit)**		**(15.10)**	**1.58**	**(4.46)**	**(13.52)**	**(9.49)**	**(12.49)**
14	**Net (Loss) / Profit for the period**	**(12-13)**	**(43.90)**	**4.91**	**(16.02)**	**(38.99)**	**6.03**	**(21.53)**
15	Paid-up equity share capital (face value of Rs.10 per share)		151.82	151.82	151.82	151.82	151.82	151.82
16	Reserves excluding revaluation reserves							387.18
17	Basic and diluted EPS for the period (Rs. per share of Rs. 10 each)		(2.89)	0.32	(1.06)	(2.57)	0.40	(1.42)

PART II

SELECT INFORMATION FOR THE QUARTER / SIX MONTHS ENDED 30 SEPTEMBER 2015							
	Particulars	Quarter Ended			Six Months Ended		Year Ended
		30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
		Un-audited			Un-audited		Audited
A	PARTICULARS OF SHAREHOLDING						
1	Total public shareholding (including Global Depository Receipts in equivalent equity shares):						
	- Number of shares (Nos.)	4,99,54,689	4,99,54,689	5,03,18,409	4,99,54,689	5,03,18,409	4,99,54,689
	- Percentage of shareholding (%)	32.90	32.90	33.14	32.90	33.14	32.90
2	Promoters and promoter group shareholding :						
	a) Pledged/encumbered						
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
	b) Non-encumbered						
	- Number of shares	10,18,67,553	10,18,67,553	10,15,03,833	10,18,67,553	10,15,03,833	10,18,67,553
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- Percentage of shares (as a % of the total share capital of the company)	67.10	67.10	66.86	67.10	66.86	67.10

	Particulars	Quarter Ended 30.09.2015
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	
	Received during the quarter	8
	Disposed off during the quarter	8
	Remaining unresolved at the end of the quarter	-

Notes:

(Rs. in crores, unless otherwise indicated)

1. Statement of assets and liabilities

Particulars	Standalone	
	As at 30 September 2015 Un-audited	As at 31 March 2015 Audited
A. EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	151.82	151.82
(b) Reserves and surplus	363.10	402.09
Sub-total - Shareholders' funds	**514.92**	**553.91**
(2) Non-current liabilities		
(a) Long-term borrowings	121.50	107.70
(b) Deferred tax liabilities (net)	158.09	172.96
(c) Other long-term liabilities	0.51	0.64
(d) Long-term provisions	20.93	19.90
Sub-total - Non-current liabilities	**301.03**	**301.20**
(3) Current liabilities		
(a) Short-term borrowings	282.79	204.94
(b) Trade payables	597.44	542.85
(c) Other current liabilities	122.69	124.01
(d) Short-term provisions	2.92	21.13
Sub-total - Current liabilities	**1,005.84**	**892.93**
TOTAL - EQUITY AND LIABILITIES	**1,821.79**	**1,748.04**
B. ASSETS		
(1) Non-current assets		
(a) Fixed assets	948.68	941.83
(b) Non-current investments	39.85	39.85
(c) Long-term loans and advances	120.58	123.23
(d) Other non-current assets	8.05	8.05
Sub-total - Non-current assets	**1,117.16**	**1,112.96**
(2) Current assets		
(a) Current investments	4.31	4.28
(b) Inventories	255.42	273.48
(c) Trade receivables	162.31	115.00
(d) Cash and bank balances	72.17	55.68
(e) Short-term loans and advances	53.98	69.60
(f) Other current assets	156.44	117.04
Sub-total - Current assets	**704.63**	**635.08**
TOTAL - ASSETS	**1,821.79**	**1,748.04**

2. The Audit Committee reviewed the above results. The Board of Directors, at their meeting held on 14 November 2015, have approved the above results.

3. The Company's business activity falls within a single primary business segment viz. 'Polyester'.

4. The Company's business comprises of Polyester products, which has linkage with crude oil prices and are also subject to foreign exchange fluctuations. In the last few years, due to volatility in crude oil prices and foreign exchange fluctuations, the Company's realized margin has been lower than expected. Based on the projected business plan, value added products and investment in balancing equipment, the Company believes that the profitability will improve over the next few years. The Company is confident that the MAT credit entitlement carried at the end of the period is fully recoverable and there are no indications of impairment of asset.

5. Exceptional items :
   a) Inventory losses amounting to Rs.25.96 crore which includes loss of Rs.4.62 crore (previous year Rs.20.75 crore) on account of write down of closing inventories, calculated on month to month basis, incurred by the Company due to crash in global crude oil prices and consequently impacting raw material prices, i.e., of PTA and MEG during the quarter and six months ended 30 September 2015. The loss incurred has been primarily due to the timing difference in the prices at which material has been purchased and sold.
   b) Due to significant volatility in the foreign currency vis-à-vis local currency, the Company has considered the foreign exchange fluctuation as an exceptional item in the financial results.

6. The Company has made an early application, since the year 2010-11, of Accounting Standard 30 "Financial Instruments- Recognition and Measurement", issued by the Institute of Chartered Accountants of India, for accounting of forward exchange contracts taken for highly probable/forecast transactions, which are not covered by Accounting Standard-11. However, during the quarter and six months ended 30 September 2015, no provision has been made for loss of Rs.13.59 crore and Rs.25.24 crore respectively in relation to accounting of forward exchange contracts taken for highly probable/forecast transactions, which is not in line with the above policies, as the management believes that such fluctuation is temporary in nature.

7. During the quarter and six months ended 30 September 2015, the Company has recognised interest of Rs. 9.49 crores on the insurance claim lodged by the Company with its insurance company for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to a fire incidence at its plant in 2007-08 under 'other operating income'. As legally advised, the Company is of the view that the amounts recognised are fully recoverable.

8. The Company has considered it appropriate to include interest for the quarter and six months ended 30 September 2015 of Rs.3.96 crore and Rs.5.95 crore respectively (corresponding quarter and six months of previous year Rs.3.03 crore & Rs.6.20 crore respectively), received from customers as 'other operating income', which was considered as 'other income' earlier.

9. Tax expense includes current tax, minimum alternate tax and deferred tax charge / (credit).

10. The Statutory Auditors of the Company have carried out a Limited Review of the financial results for the quarter and six months ended 30 September 2015 and the review report has been issued subject to item 6 and 7 above. The review report of statutory auditors is being filed with BSE Limited and National Stock Exchange of India Limited.

11. Previous period figures have been regrouped / recast, wherever necessary, to make them comparable.

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

Om Prakash Lohia
Chairman & Managing Director (DIN 00206807)

Place: Gurgaon
Date: 14 November 2015

B S R and Associates

Chartered Accountants

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Review Report to the Board of Directors of Indo Rama Synthetics (India) Limited

1. We have reviewed the accompanying statement of un-audited financial results ('the Statement') of Indo Rama Synthetics (India) Limited ('the Company') for the quarter and the six months ended 30 September 2015, except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding", which have been traced from the disclosures made by the management and have not been reviewed by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors on 14 November 2015. Our responsibility is to issue a report on these financial results, based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. Emphasis of Matter

   Without qualifying our opinion, attention is drawn to note 4 of the financial results, which explains the management's position regarding utilisation of Minimum Alternate Tax credit aggregating Rs. 55.98 crores as at 30 September 2015. Based on the management's assumptions and future business plans, no provision has been considered in the financial results in respect of Minimum Alternate Tax credit.

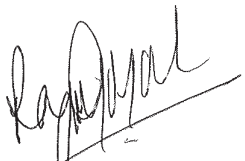
4.

   a) Attention is drawn to note 6 to the Statement which sets out the position relating to non-provisioning of foreign exchange fluctuation loss of Rs. 13.59 crores and Rs. 25.24 crores for the quarter and the six months ended 30 September 2015 respectively, in relation to accounting of forward exchange contracts taken for highly probable/forecast transactions, which are not covered by Accounting Standard 11. This is not in accordance with the principles under Accounting Standard 30 "Financial Instruments- Recognition and Measurement", issued by the ICAI and which was adopted by the Company since the year 2010-11. Had the above provision been made, the net loss before tax for the quarter and the six months would have been higher by Rs. 13.59 crores and Rs. 25.24 crores respectively and net loss after tax for the quarter and the six months would have been higher by Rs.8.89 crores and Rs.16.50 crores respectively.

b) Attention is drawn to note 7 to the Statement which enumerates, recognition of interest of Rs. 9.49 crores on the insurance claim lodged by the Company with its insurance company for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to a fire incidence at its plant in 2007-08. The said recognition of asset, is not in accordance with accounting principle stated in Accounting Standard (AS) 29, 'Provisions, Contingent Liabilities and Contingent Assets'. Had such income not been recognised, the net loss before tax for the period would have been higher by Rs. 9.49 crores and the net loss after tax for the period would have been higher by Rs. 6.21 crores.

5. Based on our review conducted as explained in paras 1 and 2 above, except for the matters referred to in paragraph 4 above and related disclosure of impact on the financial results, which has been explained in that para, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognized accounting practices, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R and Associates**
Chartered Accountants
ICAI Firm registration no.: 128901W



Rajiv Goyal
Partner
Membership No.:094549

Place: Gurgaon
Date: 14 November 2015