

17 May 2018

| | |
|--|---|
| Corporate Service Department BSE Limited 25 th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 | The Listing Department National Stock Exchange of India Ltd Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 |
| corp.relations@bseindia.com | cmist@nse.co.in |
| Scrip: Equity 500135. NCDs 957238 | Trading Symbol: ESSELPACK |

Ref.: Essel Propack Limited

Sub.: Annual Report for the FY 2017-18

Dear Sirs,

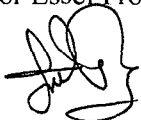
Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable statutory provisions, please find attached herewith the Annual Report of the Company for the financial year 2017-18.

Annual Reports including financial statements, Auditor's reports, Board's report and annexures are being sent to members of the Company and also available on the Company's website www.esselpropack.com.

Kindly take the above on record and acknowledge receipt.

Thanking you

Yours faithfully
For Essel Propack Limited



4 Suresh Savaliya
Head - Legal & Company Secretary



Encl.: as above

Filed on online



...LIBERATING

SUSTAINABILITY is one of ESSEL's intrinsic values. Our patented products like Green Maple leaf and Etain provide for efficient re-cycling and consequent reduced carbon footprint. The challenge for any Packaging solution is how to meet the various functionality needs of brands such as safety, protection to the product, ease of use and aesthetic look and feel, in an eco-friendly way. Often the functionality considerations may prevail over the use of a sustainable packaging solution. There is no one size fit all here.

At Essel, we therefore are committed to the cause of Sustainability not only by offering innovative products such as Green Maple leaf, but also by creating solutions for efficient re-use and re-cycling where the functionality needs require the brand to use traditional laminate structures.

The two exquisite laminated tubes you see below, one with a unique triangle shape and rich decoration designed to highlight the premium nature of the product it contains which is a Restoring Cleansing foam; and the other which is a specialty tube designed to pack a sensitive product viz. Sunblock cream, and provided with a unique colour change property when exposed to harmful UV rays outdoor to signal the consumer to apply the cream. Both these tubes use a metal barrier embedded in the laminate on functionality considerations.

Such brands can soon feel liberated that Essel's newly identified LIBERTY Technology can separate the metal and the plastic components in an eco-friendly manner and without harming either, so that the two fractions can be most efficiently re-used/re-cycled.

This is but one way we Make Sustainability the Business' DNA...

CONTENTS

| | |
|------------|---|
| 01 | Sustainability as Essel's DNA |
| 02 | Message from Chairman & Managing Director |
| 04 | Driving Sustainability Liberating Brands |
| 06 | CSR, Awards & Accolades and Financial Highlights |
| 08 | Directors with Leadership Team |
| 09 | Corporate Information |
| 10 | Board's Report |
| 18 | Management Discussion and Analysis |
| 25 | Corporate Governance Report |
| 67 | Financial Statements - Standalone |
| 127 | Financial Statements - Consolidated |



Disclaimer:

This document contains statements about expected future events and financial and operating results of Essel Propack Ltd., which may constitute "forward-looking statements". By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements.

At Essel Propack, **SUSTAINABILITY** as a credo has been internalized ever since we commenced our journey in the early eighties, so much so it now **MAKES THE BUSINESS' DNA**. Every step of our journey has seen us innovate in products, processes, materials, technology and design with a single-minded focus on how we can further the cause of resource reduction, re-use and re-cycling as much as on how we can delight customers and create value for our stakeholders.

Essel's R&D with its deep understanding of material science, has been the fountainhead of rapidly-evolving laminate structures which demonstrate Essel's ethos of caring for environment in everything we do. Besides R&D, from products to processes, materials to machines, governance to CSR, every aspect of Essel's business is committed to Environmental and Sustainability considerations, BECAUSE it is THE Right thing to do; it is THE Responsibility to Society, that we own with pride; and, it is THE stakeholders' expectation of us as the global leader in laminated tubes.



Today, when across the globe, Environment and Sustainability hold the centrestage, urging brands to go Green, it is most LIBERATING for our customers to have in Essel an enlightened long-term supply partner ready to power their Brand innovations with unique Sustainable packaging solutions designed to win the hearts and minds of increasingly environment-conscious consumers, the world over.

MAKING **SUSTAINABILITY** THE BUSINESS' **DNA**,
is truly **LIBERATING...**



MESSAGE FROM CHAIRMAN AND MANAGING DIRECTOR

Dear Shareholders

It is that time of the year again when I have the privilege of apprising you of the activities during the year gone by.

I am happy to announce that with your good wishes, your Company has maintained a steady performance.

During FY18, the Company's Consolidated Revenue was up 5.3% year-on-year at ₹ 2,424 Crores (exclusive of excise duty recovery) and Net Profit at ₹ 171.6 Crores. Despite the temporary setback during the GST roll out and implementation in India and the challenges that are an integral part of any expansion project (Wada, Vapi - injection moulding & Colombia), the Company has maintained its growth trajectory and has charted out a strategic roadmap, that besides helping sustain and boost growth, is also conducive to adapt to the changing needs of customers and business dynamics. "Customer Centricity" being one of our core values is always the pivot of our innovations, processes and technology.

Two major developments in recent times pose both challenges and opportunity for us - challenges in the short term; opportunities in the long term.

The first is the call for 'Sustainability', which we are continuously addressing, the latest being our "sustainable innovations" Etain and Green Maple Leaf, details of which have been communicated earlier. The call for sustainability has reached new heights and now includes finding solutions for disposal of waste generated as well as handling the material post use. The social and legal obligations on the manufacturer and Brands to ensure eco-friendly waste collection and disposal is increasing by the day. For us, this means handling our laminate and tube scrap, and the best way for this is to recycle them; recycling helps recover valuable material besides trying to make it economically viable.

Our Plastic Based Laminate poses no problem for recycling since it consists only of polymers. It is the Aluminium Based

Laminate (ABL) that poses a challenge since it has metal (aluminium) and polymer. We have been working on finding a solution for recycling ABL for 3-4 years now and I am happy to inform you that your Company is once again "first mover"; we have identified a process and technology that will facilitate electrostatic separation of polymer and metal. As a result, the polymer and metal can go into their respective recycling chains without any degradation during the process of liberation, without the use of heat or chemicals. We have christened this Project "Liberty". It will be rolled out in India this year and subsequently to all our units. Later, we propose to offer the facility to our customers, should they want us to re-cycle them after the end of the consumer cycle.

The second challenge is the new flourishing business form - E-Retail or E-Commerce. It is a big disruptor globally as far as supply-chain is concerned. The established brands are struggling to compete with the mushrooming new brands, that just launch themselves on the e-commerce platform. They are gaining quite a bit of market share thanks to the advancement of internet and online technology. The tech savvy millennial population and Gen X are active on social media with a natural propensity to try new products, buying them online from e-commerce sites. This trend causes volatility and uncertainty in the offtake of existing brands in traditional forms of business on the one hand, while the newer ones on e-platform gain currency. The established players are grappling with the need to understand the on-ground scenario and find a solution to respond to the disruption caused by e-commerce. For us, this volatility makes the forecasts given to us by our Customers less reliable. Volatile forecasts and established Brands losing market share gives rise to need for us to fill in the gap in volumes. The mushrooming new brands on the e-commerce platform provides us ample opportunity.

However, to take advantage of this, we need to introspect - go into a self-disruption mode to change the way we do business, because here, speed to market is the essence. We have deliberated the situation internally and have

begun working on solutions that will help us gain share and to be ready for the future, when e-commerce retailing becomes a way of life. The plan of action involves identifying bottlenecks and if need be, changing some of our processes and/or adapting technology to debottleneck production and be able to respond faster to changing needs of existing customers as well as prospective new ones. Our front end teams need to coordinate with the established Brands and give them their requirement while at the same time, meet with and evaluate opportunities with the new brands emerging owing to change in the delivery system viz. new market place, referred to as e-commerce.

In short, we need to be Lean, Hungry and Fast to stay ahead. We must change the rules of the game - do what it takes to accelerate speed of seizing new opportunities and executing them.

The entire organisation is fully charged up and I am confident that together, we will meet the targets we have set for ourselves. "THE OLD ORDER (TRULY) CHANGETH, YIELDING PLACE TO NEW..."

I would like to thank our valued Customers, Suppliers, Bankers and all our Stakeholders including the Shareholders, the Board of Directors for their guidance and encouragement, Esselites across the globe for their never-say-die attitude and commitment, all of which have contributed to the growth of your Company.

 **Ashok Goel**
Chairman & Managing Director



We have been working on finding a solution for recycling Aluminium Based Laminate (ABL) for 3-4 years now and I am happy to inform you that your company is once again "first mover".



DRIVING SUSTAINABILITY LIBERATING BRANDS

Rooted in our long-term vision, Sustainability encompasses every facet of our business – from products to process, material to machines, governance to CSR.

Plastic packaging offers the benefits of affordability, ease of use and handling, and relatively lower demand on fossil hydrocarbon as compared to metals and glass packaging. By promoting its efficient re-use/recycling, it will be a Win-Win solution for the society as a whole.

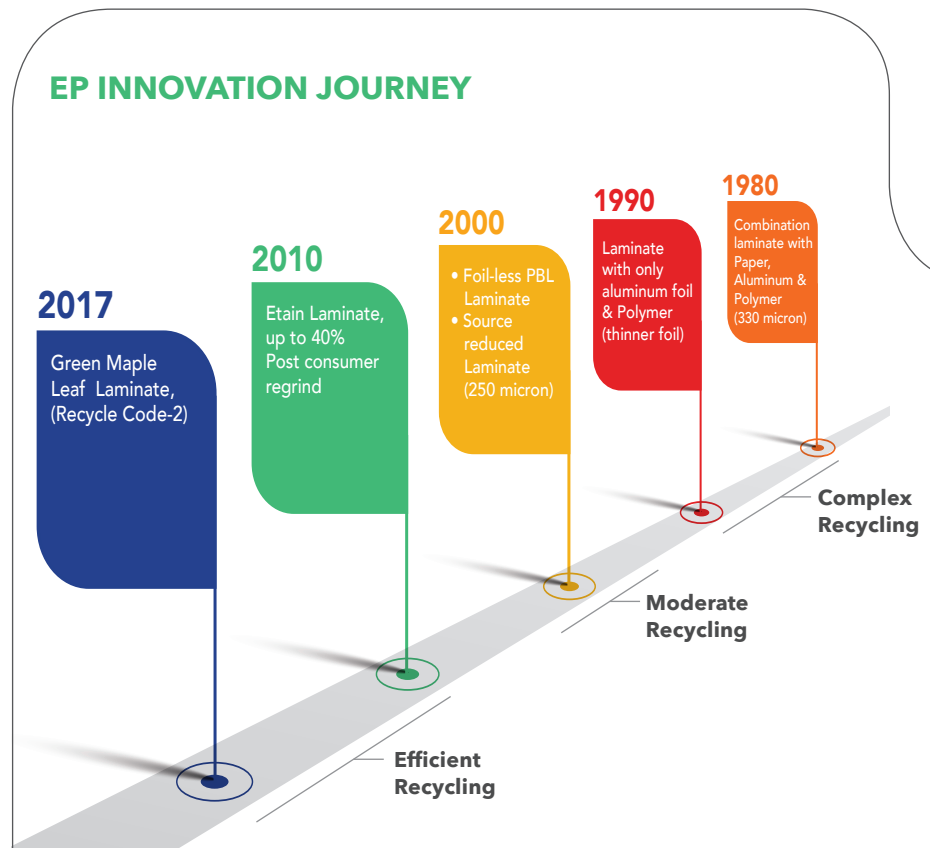
With Etain, we are able to incorporate up to 40% Post Consumer Re grind in our tubes; the Green Maple leaf is created using polymers of one family

and qualifies for Recycle Code-2. We are much encouraged by some of our early discerning customers who see the longer term value/lower “cost of ownership” aspects of our Sustainable tubes, rather than only the price, in adopting these packaging solutions for their brands. We believe this line of thinking will gain traction going forward, and vindicate our passion and efforts in pioneering various Sustainable tube structures.

PRODUCTS AND MATERIALS

Over the three decades of existence, we have transformed the laminated tubes with higher and higher levels of resource reduction, recyclability and environmental conservation. Deep knowledge of the polymer science coupled with an equally deep commitment to Sustainability, has paved way for us to successively eliminate paper, optimize polymer usage, replace metal barrier films, incorporate Post Consumer Grind polymers and introduce sub micron single family films and organic polymers in our laminated tubes. Available under names PBL, Etain, Super Titanium, GML etc., our laminated tubes today make possible for our customers to create and offer “Sustainable Brands” to the delight of the environmentally conscious consumers worldwide.

EP INNOVATION JOURNEY



TECHNOLOGY AND PROCESS

Going beyond the Products, our Sustainability drive also extends to Technology and Process. Some of the key initiatives that make our manufacturing environmental friendly, include:

- (a) On-line and real-time inspection systems, now under trial in our factories, aimed at reducing the process scrap for both us and our customers.
- (b) Curing with UV instead of hot air, further reducing energy usage, and making it a non-polluting process.
- (c) A Computer to Plate process which leverages digital technology in making for a near pollution-free



- (d) Co-creating jointly with Machinery manufacturer higher and higher speed tubing lines, taking up the speed from 60 tubes per minute to 500 tubes per minute but with much lower consumption of power and other utilities.
- (e) Working jointly with Equipment supplier to create advanced decoration capabilities on a single equipment (ELITE printing technology) obviating multi stage handling and wastage of material.
- (f) Deploying "one click" technology inter alia to radically improve the print integrity and lower the set up scrap.

PROJECT LIBERTY

Essel Propack has collaborated with multiple major technical partners across the globe and co-created a solid-state environment-friendly process. By this, the metal and the plastic components of the Aluminum Barrier Laminate tubes can be separated in an eco-friendly manner without the use of chemicals or heat, and without degrading the two components. The recovered materials can be efficiently re-used/recycled in separate streams dispelling any concerns on Sustainability.

Further, in step with **our Vision of "Every single tube made by Essel is recyclable"** we have launched in March 2018, the first-of-its-kind path breaking solution (Project LIBERTY) to help our customers whose brands necessitate use of laminate tube with embedded metal barrier and liberate them of concerns on recyclability.

OUR SUSTAINABLE OFFERINGS



Green Maple Leaf,
Recycling Code-2



Green Maple Leaf,
with Organic polymer



Super Titanium with
Post Consumer Regrind



CSR

PORTABLE TOILET AND SCHOOL FURNITURE MADE WITH ESSEL'S LAMINATE SCRAP



We are also innovating more ways to re-use our manufacturing waste in a socially responsible manner. This accomplishes in one stroke, the twin objectives of Sustainability and Social development. Given the versatility and flexibility of plastic as base material, there is much that can be done with it. People in our factories are actively involved with the local communities to identify their infra-structural needs and creatively address those needs using inter alia the plastic scrap generated at our factories. One such initiative has been the manufacture of school chairs and benches from the process scrap. These are distributed free to schools in and around our manufacturing units. Another example is toilet made from recycled plastic and distributed to the rural communities.



All weather-resistant toilet as part of SWACHH BHARAT



Small and large school benches and desks distributed free to schools

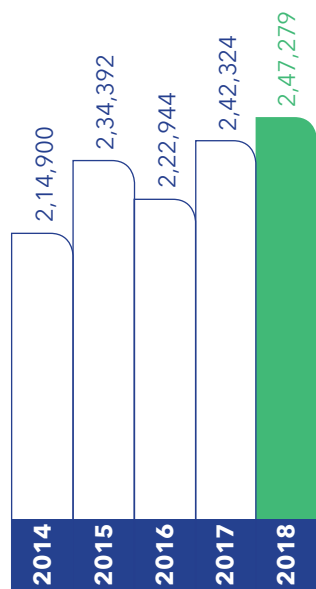
AWARDS & ACCOLADES



FINANCIAL HIGHLIGHTS

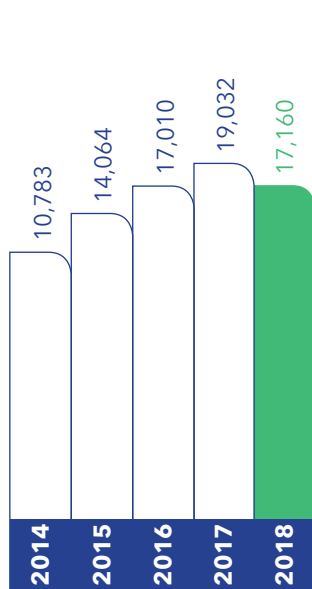
SALES AND OTHER INCOME

₹ in lakhs



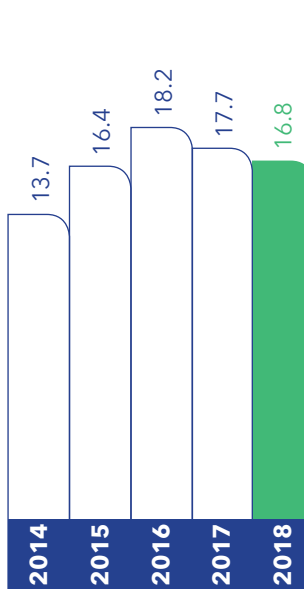
PROFIT AFTER TAX

₹ in lakhs



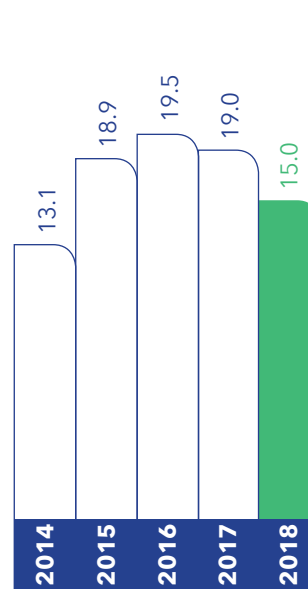
RETURN ON CAPITAL EMPLOYED

%



RETURN ON EQUITY

%





DIRECTORS WITH LEADERSHIP TEAM



STANDING LEFT TO RIGHT:

Suresh Savaliya, Head - Legal & Company Secretary | **Roy Joseph**, Regional Vice President - AMESA
M. K. Banerjee, Director - Creativity & Innovation | **Vinay Mokashi**, Financial Controller - Corporate
Dileep Joshi, Director - Human Capital | **Hariharan K**, Vice President - C & I | **Rajesh Bhogavalli**, Head Supply Chain Global
Prakash Dharmani, Chief Information Officer | **Alan Conner**, Regional Vice President - Europe
Parag Chaturvedi, Head - Global Quality & Process Improvement | **Rajiv Verma**, Technical Head - Corporate
Shrihari K. Rao, Head - Printing Technology | **Mauro Catopodis**, RVP - Americas

SITTING LEFT TO RIGHT:

Ted Sojourner, Director - Americas | **M. R. Ramasamy**, Chief Operating Officer | **Boman Moradian**, Independent Director
Ashok Goel, Chairman & Managing Director | **Radhika Pereira**, Independent Director | **Atul Goel**, Director
Mukund Chitale, Independent Director | **A. V. Ganapathy**, Chief Financial Officer
Kelvin Wang, Regional Vice President - EAP

Corporate Information

BOARD OF DIRECTORS

| | |
|------------------------|----------------------------------|
| Ashok Goel | Chairman & Managing Director |
| Boman Moradian | Independent Director |
| Mukund Chitale | Independent Director |
| Radhika Pereira | Independent Director |
| Atul Goel | Non Executive Director |
| A.V. Ganapathy | Chief Financial Officer |
| Suresh Savaliya | Head – Legal & Company Secretary |

AUDITORS

Ford Rhodes Parks & Co. LLP,
Chartered Accountants

BANKERS

Axis Bank Limited
Kotak Mahindra Bank Limited
Yes Bank Limited
DBS Bank Limited
State Bank of India
ICICI Bank Limited
The Ratnakar Bank Limited
City Bank, N.A.
The Hongkong and Shanghai Banking Corporation Limited

DEBENTURE TRUSTEE

Axis Trustee Services Limited

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Private Limited, 1st Floor,
Bharat Tin Works Building, Opp Vasant Oasis,
Makwana Road, Marol, Andheri (E),
Mumbai-400059, Maharashtra,
Tel No. 022-62638200, Fax: 022-62638299
investor@bigshareonline.com

REGISTERED OFFICE

P.O. Vasind, Taluka: Shahapur, District: Thane,
Maharashtra - 421 604, India.

CORPORATE OFFICE

Top Floor, Times Tower, Kamala City,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013, India.
Tel: 022-24819000 Fax: 022-24963137
Email: complianceofficer@ep.esselgroup.com
www.esselpropack.com
CIN: L74950MH1982PLC028947

UNITS - INDIA

Vasind, Wada, Goa, Dhanoli (Vapi) and Nalagarh (Himachal Pradesh)



BOARD'S REPORT

**To
Members
Essel Propack Limited**

Your Directors are pleased to present their Report on your Company's business operations along with the audited financial statements for the financial year ended on 31 March 2018.

Your Company has posted healthy financial results, both in India and in Global operations. The highlights of the financial results are set out below.

CONSOLIDATED GLOBAL RESULTS

The summary results are set out below.

| Particular | (₹ in lakhs) | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2018 | Year ended 31.03.2017 |
| Total Income | 247279 | 242324 |
| Total Income excluding Excise duty | 245025 | 233759 |
| Profit Before Depreciation, Finance and Tax (PBDIT) inclusive of other income | 49112 | 45719 |
| Finance cost | (5491) | (5812) |
| Depreciation | (16707) | (14148) |
| Profit before share of profit/(loss) from Associate/Joint venture and exceptional items | 26914 | 25759 |
| Share of profit/(loss) from Associate/ Joint venture | (104) | 105 |
| Profit before exceptional items and tax | 26810 | 25864 |
| Exceptional items net (loss)/ gain | (498) | 1565 |
| Tax expense | (8891) | (7869) |
| Net Profit for the year attributable to owners of the parent | 17160 | 19032 |

The Consolidated Total Income exclusive of Excise duty recovery grew year over year by 4.8%, with the Sales and Operating income growing by 5.3% helped by the acquisition of 100% stake in the German tubing joint venture with effect from 30 September 2016. Weak sales in

India in the wake of transition to the GST regime effective 1 July 2017, and lower than forecast offtake by customers in Europe, majorly impacted the Sales growth this year. Improved material costs and efficiencies and operating cost control measures helped improve the Consolidated Operating margin by 30 bps to 12.6%. Consequently, Profit before Exceptional items and tax improved by 3.7% over the previous year despite an increase in the depreciation charge on account of new capital investment in the previous year for supporting the planned business growth. Net profit attributable to the equity holders for the year is ₹ 17160 lakhs after taking an exceptional charge of ₹ 498 lakhs on account of liquidation of an overseas subsidiary. It may be noted that in the previous year, there was a net exceptional gain of ₹ 1565 lakhs. Exclusive of the exceptional items, the Net profit for the year under report was marginally higher compared to the previous year.

INDIA STANDALONE RESULTS

The summary results are set out below.

| Particular | (₹ in lakhs) | |
|--|--------------------------|--------------------------|
| | Year ended 31.03.2018 | Year ended 31.03.2017 |
| Total Income | 87429 | 90068 |
| Total income exclusive of excise duty | 85175 | 81503 |
| Profit Before Depreciation, Interest and Tax (PBDIT) inclusive of other income | 21174 | 17770 |
| Finance cost | (2140) | (2322) |
| Depreciation | (6866) | (6021) |
| Profit before Tax and exceptional items | 12168 | 9427 |
| Exceptional items net (loss)/ gain | - | - |
| Tax Expense | (4050) | (2916) |
| Net Profit for the year | 8118 | 6511 |
| Appropriations | - | - |
| Transfer to Debenture Redemption Reserve | 0 | 750 |

GST regime kicked off in India effective 1 July 2017. Prior to this date the Sales and operating income included the excise duty recovery as mandated by the IND AS. Post this date, there is no excise duty having been subsumed by the GST, and the GST recovery is not to be included in the Sales

and Operating income as per the IND AS. Consequently, the reported Total income for the year is seen lower than the previous year. The Total income exclusive of the excise duty recovery for the year however has grown by 4.5% over the previous year. Weak demand from the customers in the wake of transition to the GST regime is the key reason for the Sales growth to be subdued in India. On the other hand, improved material cost and efficiencies and lower operating costs as compared to the previous year, helped in improving the Standalone operating margin by 220 bps to 14.7%. Consequently, in a challenging external environment, your Company's standalone Net profit has grown strongly by 24.7% to ₹ 8118 lakhs, compared to ₹ 6511 lakhs in the previous year.

REVIEW OF MARKET, BUSINESS AND OPERATIONS

Your Company is a leading manufacturer globally of Laminated Plastic Tubes and Laminates. Its products are extensively used in the packaging of products across categories such as Beauty & Cosmetics, Pharma & Health, Foods, Home and Oral care. The FMCG and Pharma industry which your Company serves, continue to offer much growth opportunity for your Company. In the evolved markets of Europe, USA and Japan, the FMCG sector continues to innovate several new life-style products in the Beauty care and Wellness categories. Beauty care products such as Anti-Ageing creams, Beauty Balms, Complexion Correction creams, Hair colorants, cosmetic/ therapeutic toothpastes need vibrant and premium looking tube packaging to help them stand out in shop floor shelf and attract the increasingly discerning and demanding consumer in a competitive market. In the emerging markets such as India, China, Far East and Latin America, the per capita usage of FMCG products is fast expanding helped by fast increasing disposable income, growing youth population, rapid growth of modern retail/e-tail and the general aspiration of the consumer to look and feel good. The demand for pharma product too is buoyed by the increasing life expectancy, growth of generics and "health for all" programmes promoted by Governments/NGOs.

Your Company as a global supplier of innovative tube packaging solutions for products in the paste/cream/gel forms, continues to benefit from this growth in the FMCG/Pharma space by leveraging its scale, global manufacturing and marketing presence and proven innovation/ technology capability. Besides the sector growth of FMCG/Pharma brands, your Company is also driving to establish its new generation laminated tubes as a superior value packaging format as compared to extruded plastic and aluminium tubes, bottles and tattles used by

many Cosmetics, Food and Pharma brands. This adjacent space opens up even larger value opportunity for your Company to grow and gain share. In a sense therefore, your Company's growth potential is not capped by just the underlying secular growth in the FMCG/Pharma space. Rather, there are multiple propellers for your Company to drive a healthy double digit top line and bottom line growth in the coming years.

India Standalone

India accounts for around 35% of your Company's Consolidated Sales. Your Company having pioneered laminated tube solutions in this country since the early 80's, continues to enjoy a massive franchise in India among the FMCG/ Pharma brands. The Customer portfolio- spanning Indian and MNC players, mass and niche, established and new, continues to expand.

The year under report however was challenging in India. from Sales growth stand point. It will be recalled that during the previous year your Company had to contend with reduced customer demand following the Demonetisation announced in November 2016. With the GST regime kicking off from 1 July 2017, there were further uncertainties among your Company's customers and their Supply and Distribution partners. This led to contraction of demand and a shrinkage of the pipeline inventory all through the year under report. Consequently the Revenue growth in India remained muted. Your directors believe that GST is a welcome tax reform which will make for ease of doing business and promote economic growth over the long term. As the market constituents stabilize and align their processes, the India growth story should take over once more.

Nevertheless, new Customer development activity was sustained targeting the non oral care categories. Further, with a view to seizing market opportunities provided by the FMCG industry growth in the North Eastern States, your Company is setting up a new factory near Guwahati for manufacture and sale of tubes to nearby customers.

Operations in the newly commissioned factory at village Dhanoli (Vapi) in Gujarat have now been stabilised. During the year, the caps & closure manufacturing also got commissioned in-house at the Dhanoli (Vapi) site with an eye on material cost savings and faster response time to customer demand. With all this, the scale benefits from the consolidation of production sites in the Western India have started accruing to your Company.

Exports to markets in South Asia, Middle East and Africa continue to be pursued as a strategy to grow and gain share in the smaller markets which are not viable for a full-fledged manufacturing set up.



Your Board is of view that India growth story remains intact, and your Company is well positioned to post healthy growth in the months and years to come.

Subsidiaries, Joint Ventures and Associates

Being a global player in laminated tubes, your Company has manufacturing and marketing presence in eleven other countries through its direct and step down subsidiaries, and an associate.

All these subsidiaries / associate continue to work closely with customers to grow their business with product offerings relevant to their respective markets. During the year, the new factory in Colombia was stabilized and a number of measures taken to improve its performance. Consequently, the Colombian subsidiary significantly improved its Operating profit compared to the previous year. However, adverse currency movement caused the subsidiary to post loss for the year, albeit 26% lower than the previous year. With improved sales, the subsidiary should turn around in the next year. The Russian subsidiary posted a small loss during the year impacted by lower offtake. All other operating subsidiaries posted profit during the year. The Associate company in Indonesia posted a loss on account of cost increases and an exceptional charge.

Considering the prospects and huge size of the non oral care category market in the various countries your Company operates and the disruptive nature of the packaging solutions that your Company has been introducing, the Board expects the overseas subsidiaries to post sustained profitable growth.

The development at these entities and the markets they operate in are further discussed in the Management Discussion and Analysis (MDA) forming part of this report. The salient features of the financial statements of these subsidiaries and the associate in the prescribed format is attached as a part of the audited financial statements.

During the year, a subsidiary in Egypt having ceased operations was liquidated and the proceeds distributed amongst the shareholders. Consequently, an exceptional charge of ₹ 498 lakhs has been considered in the Consolidated Financial statements as detailed in Note 44 to the Consolidated accounts. Lamitube Hongkong Ltd., another step down subsidiary was deregistered during the year having ceased to do business. Further details about the subsidiaries, associate etc. are given in MGT9.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), consolidated

financial statements of the Company and all of its subsidiaries and associate / joint venture, have been prepared for the year under report. The audited Consolidated financial statements along with the auditors' report thereon forms part of this Annual report. The consolidated financial statements presented by the Company include the financial results of all its subsidiaries, joint venture and Associate. The audited standalone financial statements of these entities have been reviewed by the Audit Committee and the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management discussion and analysis (MDA) report for the year under review, of the operations of your Company and all of its subsidiaries, associate / joint venture is given in a separate section of this Annual Report and forms part of this Annual Report.

CORPORATE GOVERNANCE

The Company is committed to maintain highest standards of corporate governance aligned with the best practices. Pursuant to applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance forms part of this Report. The Company is in compliance with the various requirements and disclosures that have to be made in this regard. A certificate from the Auditors confirming compliance of the conditions of Corporate Governance as stipulated under the Listing Regulations forms part of the Annual Report.

DIVIDEND AND ISSUE OF BONUS SHARES

Your Company continues to be on the path of profitable growth. The Company's cash flows and financial position continue to be strong.

Considering the cash requirement for business growth and debt servicing, the Board believe that a steady dividend payout will best serve the interests of the Company and of the shareholders especially those dependent on regular income. Accordingly, your Directors recommend a dividend of ₹ 2.40 per equity share of face value of ₹ 2 each, for the financial year ending on 31 March 2018 (previous financial year: ₹ 2.40 per share of face value of ₹ 2 each).

Further, your Directors are pleased to note that the sustained strong performance of your Company has created value to its shareholders as seen from its market capitalization. With a view to encouraging even more participation of small investors by making the share price affordable, your directors have approved an issue of bonus equity shares in the ratio of 1:1 i.e. one bonus equity

share for every one equity share held by the shareholders, subject to approval by members at the forthcoming AGM.

Dividend Distribution Policy of the Company is given as a part of this Report marked as Annexure 1 and also posted in investors section on the Company's website or link, [http:// www.esselpropack.com/corporate-governance/](http://www.esselpropack.com/corporate-governance/)

TRANSFER TO RESERVES

A sum of ₹ 2250 lakhs is already standing to the credit of Debenture Redemption Reserve (DRR), representing 25% of the value of listed debt securities issued and outstanding at the end of the year under report. Hence, no further transfer to DRR is required under the applicable guidelines. There is also no specific statutory requirement to transfer any sum to General reserve in relation to the payment of dividend. Your Directors therefore have not proposed any sum for transfer to Reserves during this year.

FINANCE AND ACCOUNTS

Your Company continued to reduce its financial leverage and the finance cost by enhancing capital productivity and improving cash generation. Financial parameters such as Debt service cover ratio, Interest cover ratio, Debt Equity ratio are all at healthy levels and show further improvement over the previous year, both on Standalone and Consolidated basis.

Your directors are pleased to inform that your Company continues to enjoy CARE AA rating for its NCDs and various long term bank facilities, and CARE A1+ rating for its short term bank facilities. The Company is also rated by India Ratings and Research (FITCH Group) who have re-affirmed the Company's long term issuer rating at IND AA and its Commercial Paper rating at IND A1+.

During the year, your Company continued to make successful issues of Commercial papers at competitive interest rates commensurate with its short-term top credit rating. During the year, the Company also redeemed ₹ 50 crores of the Non Convertible Debentures (NCDs) issued in the year 2015 by exercising the call option, and further exercised call option in respect of the balance ₹ 40 crores of the 2015 issue for redemption in April 2018. A fresh issue of unsecured NCDs of value ₹ 50 crores was made in December 2017, which are redeemable at the end of three years.

Forex exposures continued to be closely reviewed and appropriately hedged in order to minimize risk to the results.

STATUTORY AUDITORS

At the AGM held in the year 2017, M/s. Ford Rhodes Parks & Co. LLP, Chartered Accountants, were appointed as Statutory Auditor of the Company for a period of 5 years. As required by the Companies Act, provisions in force, their appointment has to be ratified at each AGM. The Company has received letter from them to the effect that their appointment is within the prescribed limits and confirming that they are not disqualified for such appointment pursuant to the Companies Act, 2013 and applicable statutory provisions.

Accordingly, the Audit Committee and Board of the Company have considered and recommend to the members the ratification of their appointment as Statutory auditor of the Company at the ensuing Annual General Meeting.

SECRETARIAL AUDIT

Pursuant to the provisions of section 204 of the Companies Act, 2013 M/s. D M Zaveri & Co., Practicing Company Secretary (CP No. 4363), have been appointed to undertake the secretarial audit of the Company for the year ended on 31 March 2018. The secretarial audit report forms a part of this Report and is annexed as Annexure 2. The said report does not contain any qualification, adverse remarks or disclaimer.

Company has complied with the Secretarial Standards as applicable to the Company pursuant to the provisions of the Companies Act, 2013.

COST AUDITORS

Pursuant to section 148 and applicable provisions of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules 2014, the Company is required to appoint cost auditor for audit of cost records maintained by the Company in respect of the financial year ending 31 March 2019. Your Directors have on the recommendation of the Audit committee, appointed M/s. R Nanabhoy & Co., Cost Accountants, as the Cost Auditor to audit the cost records for the financial year ending 31 March 2019. Remuneration payable to the Cost Auditor is subject to ratification by the members of the Company. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s. R Nanabhoy & Co., Cost Accountants, is included in the Notice convening the Annual General Meeting, along with relevant details, including the proposed remuneration.



DIRECTORS

In accordance with the provisions of section 152(6) of the Act and the Articles of Association of the Company, Mr. Ashok Goel, Director is proposed to retire by rotation at the ensuing Annual General Meeting (AGM), and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The members of the Company at the AGM held on 9 July 2013, have approved the appointment of Mr. Ashok Goel as Vice Chairman and Managing Director of the Company for the period of five years with effect from 21 October 2013 and also approved payment of his remuneration.

The Nomination and Remuneration Committee, Audit Committee and Board of Directors of the Company have recommended the reappointment of Mr. Ashok Goel as Managing Director of the Company upon expiry of the said five years period, for another term as mentioned in the Resolution seeking Members' approval at the ensuing AGM. Necessary information including the applicable terms and conditions and the proposed remuneration is given in the said Resolution and the explanatory statement included in the Notice convening the next AGM.

Details about the directors are given in the accompanying Notice of AGM and Corporate Governance Report.

All the Independent Directors have given declarations that they meet the criteria of independence laid down under Section 149 of the Companies Act, 2013 and the Listing Regulations.

Further details of Directors including remuneration, policy, criteria for qualification, independence; performance evaluation of the Board, Committees and Directors; meetings, committees and other details are given in the Corporate Governance Report, which is integral part of this Annual and Board's Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended 31 March 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in note 3A to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2018 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

AUDIT COMMITTEE

Audit Committee of the Board has been constituted as per the Listing Regulations and section 177 of the Companies Act, 2013. Constitution, meetings, attendance and other details of the Audit Committee are given in Corporate Governance Report which is part of this Report.

PERFORMANCE EVALUATION

The Board has carried out the annual evaluation of its own performance, and of each of the directors individually including the Independent Directors and Chairman, as well of the working of its committees. The manner in which the evaluation has been carried out has been explained in detail in the Corporate Governance Report, which forms part of this Annual Report.

FAMILIARIZATION PROGRAMMES

The Company's policy on programmes and measures to familiarize Independent Directors about the Company, its business, updates and development includes various measures viz. issue of appointment letters containing terms, duties etc., management information reports, presentation and other programmes as may be appropriate from time to time. The Policy and programme aims to provide insights into the Company to enable independent directors to understand the business, functionalities, business model and others matters. The said Policy and details in this respect is displayed on the Company's website.

CORPORATE SOCIAL RESPONSIBILITY

As a part of its Corporate Social Responsibility (CSR) initiative, the Company has undertaken CSR projects and programs. Thrust areas for CSR include care and empowerment of the underprivileged, education, health and environment and sanitation. These activities are in accordance with CSR activities as defined under the Act. The Company has a CSR Committee of Directors. Details about the Committee, CSR activities and the amount spent during the year, as required under section 135 of the Act and the related Rules, reasons and other details are given in the CSR Report as Annexure 3 forming part of this Report.

The Company has framed a CSR Policy in compliance with the provisions of the Act and the same is placed on the Company's website www.esselpropack.com. The CSR Policy lays down areas of activities, thrust area, types of projects, programs, modes of undertaking projects/ programs, resources etc.

Your directors are pleased to report that the Company's subsidiaries overseas also actively give back to the society in their respective geographies through various initiatives on the health, education and other fronts.

LOANS, GUARANTEES AND INVESTMENTS

Details of loans, guarantees and investments covered under applicable provisions of section 186 of the Act are given in the note 51 to the standalone financial statements.

RELATED PARTY TRANSACTIONS

Contracts/arrangements/transactions entered by the Company during the financial year with related parties were on an arm's length basis and largely in the ordinary course of business. All related party transactions are placed for approval before the Audit Committee and also before the Board wherever necessary in compliance with the provisions of the Act and Listing Regulations. During the year, the Company has not entered into any contracts/ arrangements/ transactions with related parties which could be considered material in accordance with the policy of the Company on material related party transactions or under section 188(1) of the Act. Accordingly, there are no particulars to report in Form AOC- 2.

Details of the related party transactions during the year as required under Listing Regulations and Indian accounting standards are given in note 54 to the Standalone Financial Statements.

The policy on dealing with the Related Party Transactions including determining material subsidiaries is posted in investors/corporate governance section on the Company's website or link, <http://www.esselpropack.com/wp-content/uploads/2015/03/Related-Party-Transaction-Policy.pdf>

HUMAN CAPITAL

Relations with employees across all the offices and units continued to be cordial. HR policies of the Company are focused on developing the potential of each employee. With this premise, a comprehensive set of HR policies are in place, aimed at attracting, retaining and motivating employees at all levels. Your Company had 1163 permanent employees as of 31 March 2018.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure 4 (a) and forms part of this Report.

Other details in terms of Section 197(12) of the Companies Act, 2013 read along with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure 4(b) and forms part of this Report.

EMPLOYEE STOCK OPTIONS

The Nomination and Remuneration Committee of the Board of Directors (NRC) of the Company, inter alia, administers and monitors the Employee Stock Option Scheme 2014 ("ESOS 2014" or "Scheme") of the Company in accordance with applicable SEBI regulations.

The disclosure relating to the Scheme and other relevant details are posted in investors>corporate governance section on the Company's website or link, <http://www.esselpropack.com/corporate-governance/>. For the sake of clarity, this Scheme does not extend to any of the Directors and Promoters of the Company.

No stock options were granted or vested during the year under report. Out of the stock options vested in the earlier years, 80166 options were exercised during the year and equal number of equity shares of face value ₹ 2 each were issued as fully paid up against payment of the stipulated exercise price as per the terms and conditions of the Scheme and the Grant letter.



The relevant details on the options granted and the accounting of their costs are set out in the Notes to the Standalone accounts.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure 5 and forms part of this Report.

OTHER INFORMATION / DISCLOSURES

There are no significant material orders passed by the Regulator, Courts or Tribunal which would impact the going concern status of the Company and its future operations.

There have been no material changes and commitments affecting the financial position of the Company, occurred between end of financial year and date of this Report.

In accordance with section 134(3)(a) and section 92(3) of the Act, an extract of the annual return as at 31 March 2018 in Form MGT9 forms part of this Report as Annexure 6.

As per applicable provisions of the Listing Regulations, business responsibility report is given herewith and forms part of this Report as Annexure 7.

Wherever applicable, refer the Company's website www.esselpropack.com or relevant details will be provided to the members on written request to the Company Secretary.

The Company has in place a policy against sexual harassment at work place in line with the requirements of the concerned statute. Internal complaint committees are set up in this respect. There was no complaint received from any employee during the year, nor any complaint remains outstanding for redressal as on 31 March 2018.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a whistle blower policy laying down a vigil mechanism to deal with instances of unethical behavior, fraud or mismanagement. The said policy has been explained in the corporate governance report and also displayed on the Company's website www.esselpropack.com.

INTERNAL FINANCIAL CONTROL

The Company has a proper and adequate Internal Financial Control System, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

The Internal Financial control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audit conducted by in house trained personnel and external firms of Chartered Accountants appointed on recommendation of the Audit Committee and the Board. The audit observations and corrective action, if any, taken thereon are periodically reviewed by the Audit committee to ensure effectiveness of the Internal Financial Control System. The internal financial control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons.

During the year as part of control assurance process, the financial controls were reviewed by an independent agency in line with the guidelines issue by ICAI on internal financial controls and reported satisfactory in design and operational effectiveness.

RISK MANAGEMENT

The Company has laid down a well-defined risk management mechanism covering the risk mapping and analysis, risk exposure, potential impact and risk mitigation measures. A detailed exercise is carried out every year to identify, evaluate, manage and monitor the principal risks that can impact the Company's ability to achieve its strategic and financial objectives. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework. Details on the risk elements which the Company is exposed to are covered in the Management Discussion and Analysis which forms part of this Annual Report. The Company has formally framed a Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure. The Risk management committee under the Chairmanship of an Independent Director oversees the risk management process.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public and there are no outstanding deposits as on 31 March 2018.

CAUTIONARY STATEMENT

Statements in this Report and the Management Discussion and Analysis may be forward looking within the meaning of the applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Certain factors that could affect the Company's operations include increase in price of inputs, availability of raw materials, changes in Government regulations, tax laws, economic conditions and other factors.

APPRECIATION

Directors wish to place on record their sincere thanks and appreciation to all our customers, suppliers, banks, authorities, members and associates for their co-operation

and support at all time, and to all our employees for their unstinted contribution to the growth and profitability of your Company's business, and look forward to continued support.

For and on behalf of the Board
Essel Propack Limited

Ashok Goel
Chairman & Managing Director

26 April 2018, Mumbai



MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Management Discussion and Analysis for the year ended 31 March 2018.

BUSINESS OVERVIEW

Your Company's business is an integral part of the FMCG and Pharma space, packaging being one of the four key P's of Marketing mix that underpin the success of any brand.

The FMCG business across categories of Beauty and Cosmetics, Foods, Home and Oral care constitutes a multi-trillion dollars market globally and continues to grow in many different ways. In the developing economies, the growth is powered by increasing young population, growing disposable income, life-style changes etc. In the developed economies where penetration and usage of FMCG products is already high, there is still a churn happening in the sense that new products addressing the contemporary lifestyle needs and aspirations emerge while some of the traditional products get phased out, for e.g. products like Anti-ageing creams, Beauty balms, Complexion creams, Sun protection creams, and of late, Hair colorants and styling gels etc. are some of the new and growing applications. There is also a growing trend for products to go the organic, natural and herbal way. Yet another disruption we see these days, is caused by the e-commerce. Leveraging the power of social media and the digital market place made possible by the Internet, a number of start ups are active in the FMCG space offering customized, attractive and niche products to a net-savvy consumer.

Clamouring for a share of consumer's mind and wallet in this highly dynamic and competitive scene, the brands look to leverage Packaging as first moment of Truth as if it was an important spokesperson on their behalf, be it on the retail shelf or on a web portal. Packaging therefore is not merely something necessary to hold and protect the product, but is a key value enhancer for the brand.

That is where your Company fits snugly in the scheme of things. A range of FMCG and pharma products in viscous form such as pastes, gels and creams use tube as a packaging format. The world market for tubes is huge, about 36 billion in the countries your Company operates. Of this, oral care tubes account for 14 billion, Beauty & Cosmetics account for 12 billion and Pharma & others account for 10 billion. Beauty & Cosmetics applications are pre-dominantly in extruded Plastic tubes and bottles, and Pharma are pre-dominantly in Aluminum tubes. The non

oral care tube market represents much higher value, three times or more as compared to oral care tube market. Having established global leadership with its laminated tubes for the oral care category, your Company began to pursue a considerably bigger market opportunity in the non oral care category. This also is the space where market is getting more and more dynamic and throwing up opportunities with new products, new applications, new brands and expanding consumption as outlined earlier. With its global manufacturing and marketing presence, large scale, strong R&D and New Product Development (NPD) capability, state of art equipment, your Company has been active and growing inter alia in the high value add non oral care category. Its growth in the non-oral care category is further powered by the larger diameter tube packaging format in the case of Beauty & Cosmetics and Pharm and Food migrating from extruded plastic/aluminum tubes and bottles to the new generation laminated tubes, a trend in some way heralded by the new generation laminated tubes introduced by your Company as a superior value proposition for these categories. Your Company's laminated tubes provide superior customized barrier property, outstanding look and feel, shorter lead-time and improved Sustainability features in comparison to the traditional plastic/ aluminum tubes and bottles.

In the case of pharmaceuticals, use of aluminum tubes for packaging is going out of favour for reasons of concerns on product safety and supply security. High barrier, safe laminated tubes with features such as tamper evidence, anti-counterfeit and innovative dispensing, offered by your Company, are finding increasing acceptance as a superior packaging format by both the OTC and Prescription drugs.

Categories such as Foods and Home care, are now seeing tube as an attractive packaging format and a value enhancer compared to bottles and other traditional packaging for a range of products such as condensed milk, Wasabi sauce, Cheese spread, glue / adhesives etc.

OPERATIONAL PERFORMANCE REVIEW

During FY 18, your Company's consolidated revenue exclusive of excise duty was ₹ 2424 crores, higher by 5.3% over previous year. The operating profit (excluding other income) grew by 7.9% to ₹ 306 crores with the operating margin expanding by 30 bps to 12.6%, helped by improved material costs and efficiencies and tight control over the operating costs. Key factors holding back a higher Revenue growth were:

- India sale growth was muted on account of the transition to the GST regime beginning 1 July 2017.
- Off-take drop at key customers in Europe in Oral care.
- Servicing issues related customer attrition in EDG in Non Oral care post acquisition.
- Delay in commercialization of non oral care customers in Europe and brand offtake issues post launch in some cases.
- Adverse Sales mix in Colombia in the course of stabilizing the new plant.

The operational performance has been analyzed by business segments below.

SEGMENT PERFORMANCE REVIEW

Your Company's business is in plastic packaging materials. The business is managed by four geographical segments viz.

- 1 Americas (with operations in the USA, Mexico and Colombia)
- 2 Europe (with operations in the UK, Germany (w.e.f 1 October 2016), Poland and Russia)
- 3 AMESA - Africa, Middle East & South Asia (with operations in Egypt and India)
- 4 EAP - East Asia Pacific (with operations in China and Philippines)

Segment Financial Highlights

The table below sets out the segment financial highlights for the year:

(₹ in lakhs)

| Particulars | FY ended 31 March 2018 | FY ended 31 March 2017 | Growth |
|---|---------------------------|---------------------------|--------|
| Revenue: | | | |
| Americas | 48846 | 48277 | +1.2% |
| Europe | 50959 | 43525 | +17.1% |
| Europe excl acquisition impact | 29912 | 32976 | -9.3% |
| AMESA excl India excise duty | 91230 | 89515 | +1.9% |
| EAP | 57437 | 55285 | +3.9% |
| Profit Before Interest and Tax (PBIT): | | | |
| Americas | 6112 | 5265 | 16.1% |
| Europe | 1200 | 2447 | -51.0% |
| AMESA | 14123 | 12840 | 10.0% |
| EAP | 9050 | 7808 | 15.9% |

Developments in each of the regions are set out below:

AMERICAS

Your Company has a strong market presence in both North and South America, through its wholly owned subsidiaries in USA, Mexico and Colombia.

Following the closure of the extruded plastic tube operations in US, the laminated tube unit in the USA has taken to actively marketing your Company's new generation laminated tubes to non oral care customers, winning new awards which should see commercialization in the next year. The Very High Speed tubing line - "Shot line", introduced during the previous year was stabilized. Customer servicing was sustained at high levels in this demanding market.

The Mexico unit operational efficiencies were sustained at high level following the turnaround during the previous year. Helped by strong share in revenue of the non oral care category (35%), the Unit posted high double digit EBITDA margin and doubled its net profit during the year.

The Colombia unit has been fast stabilizing its new plant, improving its sales mix and operating costs compared to the previous year. Consequently, the EBITDA margin moved up by 7.3 pp to 11.7%. However, adverse currency fluctuation caused the Unit to post net loss despite improved operating performance. More initiatives are under way to drive Sales growth including through exports to neighboring markets, closely monitored by the Regional management, which should get the Unit post healthy results in the next year.

With Colombian operations improving further and helped by higher non oral care category sales in the US and Mexico units, the Region is poised for improved performance going forward.

EUROPE

Your Company sells both laminated tubes and extruded plastic tubes in Europe. It has manufacturing presence in Poland, Russia and Germany. The German unit became a wholly owned subsidiary effective 1 October 2016. Accordingly, its sales are consolidated in the Region's Revenue from the said date. The Region's reported Sales growth on this basis is 17.1% y-o-y, but if the acquisition impact is excluded, it is a degrowth of 9.3%.

The key reasons for the sales degrowth in the existing operations is the lower than contracted off take by a key



customer in Poland and lower sales in Russia. Impacted by the top line de-growth, the Poland unit's net profit declined. The Russian unit which had turned profitable just in the previous year, posted a small loss this year due to lower sales.

The German unit had faced customer attrition on account of servicing issues. Soon after the acquisition, your Company implemented a number of initiatives which saw the unit's operation stabilize and efficiencies improve by June 2017. The unit is meticulously working to win new orders and customers, and has made notable progress by March of the year under report. For the year as a whole, the unit has improved its EBITDA margin to 11.5% and posted profit.

Europe being the largest tube market, continues to be a focus market for your Company. There is potential for your Company to grow strongly on its current small market share by driving new product and business development in a structured way backed by its new generation laminated tubes and advanced decoration capability. The new business development pipeline is being monitored closely and buffer is being created to counter delays or failure in individual brand launch. The Poland unit is also in the process of de-bottlenecking its extruded plastic tube capacity to address the changing customer specifications. New customers are being developed in Russia to drive top line and bring it back to profit while the capacity de-bottlenecking and facility improvements are under way for the next financial year.

AMESA (Africa, Middle East and South Asia)

This Region is serviced by your Company from its five units across India and by its subsidiary in Egypt.

The sales growth in India was muted at 4.3% in the context of the economy transiting to the new GST regime effective 1 July 2017. Nevertheless, your Company continued new customer and new product development efforts targeting the pharma and cosmetics categories. The new unit in Vapi was stabilized and the scale benefits of consolidation beginning to get realized. Your Company also successfully re-located the caps and closures operations to the Vapi unit, simultaneously upgrade the technology to reduce waste and improve productivity. With a view to participating in the opportunity thrown up by FMCG industry growth in the North Eastern States, your Company is in the process of setting up a custom-built factory near Guwahati, Assam.

Your Company's subsidiary in Egypt continues to grow strongly with the non-oral care share of revenue increasing by 6pp to 41%. The unit has proactively addressed the cost escalation effect of a 80% currency devaluation towards

end of the year 2016, and sustained profitable growth. The unit is actively working to develop more customers and across all categories including exports to the MEA region.

AMESA continues to promise significant growth opportunities especially in the Cosmetics and Pharma categories where the growing population, low per capital consumption, changing aspirations, increasing disposable income are seen to drive consumption in a big way. Customers both MNCs and Local are looking to grow and gain share of the consumer spend in this Region. Your Company is involved in several exciting new business development projects in the non-oral care categories with several niche brands. In India, your Company is now the leading solution provider to Pharma category, replacing the aluminum tubes with laminated tubes in a big way. Short term blip because of transition to the GST regime in India, notwithstanding, the Region is expected to benefit from the economic growth and a large diversified customer base in the coming years.

EAP (East Asia Pacific)

Your Company has manufacturing presence in this region through subsidiaries in China and the Philippines.

China for long has been a large and successful operation for your Company in the Oral care category. But off take in the recent years of key customers in this category has seen a decline, eventhough the China subsidiary holds its wallet share with them. With a view to restoring growth, the China subsidiary has been steadily expanding its innovation and technical capability for manufacture of high Value new generation laminated tubes catering to the Cosmetics, Pharma, Foods and niche premium Oral care categories. Coupled with strong customer marketing and development initiatives, the unit is establishing itself as a quality Supplier of non-oral care packaging solutions. The unit is also focusing on automation as a means to contain the operating cost escalation in the context of sharp increases in the wage cost. The strategy has is working well and the unit growing again having posted a high single digit sales growth and a double digit profit growth.

The Philippines unit continued to contribute to your Company's profits, with a large part of its sales and profit arising from non-oral care category.

The EAP Region has a track record of operational excellence and a strong balance sheet. With the non oral care strategy gaining traction, the region is well poised to take share and grow in the large non oral care market in the Region.

CONSOLIDATED FINANCIAL PERFORMANCE OVERVIEW

(₹ in lakhs)

| Particulars | FY ended 31 March 2018 | FY ended 31 March 2017 | Increase / (Decrease) |
|--|------------------------------|------------------------------|--------------------------|
| Net Sales/Income from operations excl excise duty | 242388 | 230229 | 5.3% |
| Profit from Operations before Other Income, Interest and Exceptional items | 30568 | 28335 | 7.9% |
| Finance Cost | 5491 | 5812 | -5.5% |
| Profit before tax and exceptional item | 26810 | 25864 | 3.7% |
| Net Profit for the year to equity holders | 17160 | 19032 | -9.8% |

Consolidated numbers consider the full year impact of German joint venture acquired effective 30 September 2016.

Sales growth at 5.3% was muted for reasons explained earlier; operating margin grew higher by 7.9% because of material and other cost efficiencies. Finance cost was reduced by 5.5% due to better capital productivity and improved borrowing mix. Profit before tax and exceptional items grew by 3.7% reflecting the above and further considering the change in the Other income and Exchange gain/(loss) compared to previous year. Net profit for the year is lower considering exceptional charge this year of ₹ 498 lakhs and exceptional gain in the previous year of ₹ 1565 lakhs. Exclusive of exceptional items, net profit for the year is marginally higher than the previous year.

CREATIVITY AND INNOVATION (C&I)

The Research and Development (R&D) function (a.k.a. Creativity and Innovation within the Company) has been one of the key drivers of your Company's growth as a leading global player. Your Company's C&I Team have successfully amalgamated its deep knowledge of the polymer science, conversion process and engineering to create Tubes with special features. Outcome is the best of aesthetics and functionality. C&I team brain storm with market research group, customers and strategic partners to understand the evolving needs in the market place and develop new packaging solutions for reputed brands proactively. Your C&I team continually partner with customers in rolling out new products globally. A structured C&I process ensures

that the innovation pipeline of the Company at all times is full, and contributes to the sales and profitability of your Company.

The C&I function intensely work on sustainability and continually launches environment-friendly tubes and process. Cross sections of the latest innovated products of your Company are presented in the Features section of the Annual Report. The R&D facility of your Company has been recognized and certified by the Department of Scientific & Industrial Research, Government of India.

Your Company continues to protect the enormous intellectual property which the C&I function is creating. In this regard, your Company has filed till date as many as 142 patent applications in the different geographies in respect of the various inventions by its R&D, and has already been granted 38 patents. To strengthen the capability of the R&D, additional resources have been inducted in the advanced scientific research and simulation lab.

Your Company's research and development efforts continue to win accolades in several forums and among customers across the globe.

TECHNOLOGY

Your Company always has seen Technology as a great enabler to deliver disruptive changes be in the Product, Process, Equipment or Raw materials. As a means to create and sustain competitive edge at all times.

Our success last year with developing Mystik, the tube structure that can comprehensively protect highly aggressive formulations we believe is a great disruptor as it can open entirely new categories such as Hair Colorants, Packaged foods and even some Pharma products which were out of reach of plastic or laminated tubes so far. These tubes are now under stability and storage trial tests with several customers. Hair colorant, as and when it opens up to Mystik, will bring additional about 2 bio tubes for Hair colorants into our market eco-system and possibly equivalent number on account of the Developer tubes usually supplied along with.

Your company is now challenging it self on identifying the bottleneck processes and technology that hinders the quicker turn-around of the products to its customers, therefore actively working on forging strategic alliances to bring in the solution to the above challenges.

As shared in the previous Annual report, your Company is now working on high speed on-line real-time quality inspection systems which will help assure the customers that every tube supplied by Essel is defect free for direct use in their process. These systems are now under trial in our units and will be rolled out in a phased manner across the globe.

e-Commerce is causing new disruptions in the FMCG market place. Niche brands with global visibility through the web and social media, and helped by e-logistics now



compete with traditional brands. This has introduced new volatility in the off-take which in turn affects our capacity and supply chain for tubes. We are working on new technology to help us create flexibility based on the theory of constraints. With this we believe we can optimize our capacity utilization and improve our response time to the delight of our customers.

FINANCE

Robust operational performance, judicious capex spend, continuous measures to improve capital productivity account for your Company's healthy cash flows. Average interest rate reduced by 40 bps and the global finance cost continued its reducing trend by dropping 5.5% vs previous year. Prudent exchange risk management has helped to contain the exchange loss in the consolidated financial statement at ₹ 8 crore. Large part of exchange loss is actually the premium paid on forward exchange contracts used in hedging exposures. The consolidated net debt as at end of FY18 was ₹ 564 crores lower by ₹ 140 crores compared to previous year end, representing a healthy debt equity ratio of 0.59 and a DSCR of 2.2. Your Company's term debt is rated AA. The consolidated ROCE and ROE however declined due to the muted growth in Sales for reasons stated earlier, but continue to be healthy at 16.8% and 15% respectively.

HUMAN CAPITAL

Your company strongly believes that our people are our greatest assets. They give your company its unique competitive edge. As a global organization, your company comprises of a diverse mix of people from different educational, cultural and geographic backgrounds who bring their unique inherent strengths to the organization.

Your company recognizes and nurtures their strengths through a structured Talent Management process focused on capability building through customised Classroom Trainings, e-Learning, Executive Coaching and Cross functional/cross geographical action learning projects. The process also ensures continuous talent availability, through Job rotation, Job enlargement, Cadre building programs, leveraging talent in various geographies for global roles.

Your company is committed to continuously engaging its employees as a key driver for shareholder value creation. Customised Unit level and Manager level Employee engagement action plans have enabled your company to take up positive steps in this journey. These actions helped the company to take up the global Employee Engagement score to 69%. In order to ensure that employees across the globe are aligned with company goals and experience all people processes in a standard manner, your company uses 'EPRISM' system a best in class software for Employee Lifecycle management. EPRISM brings all employees globally closer to each other and ensures information availability on their fingertips. EPRISM also provides

a forum for internal networking, plus it has advanced analytics ability and connects all "people processes" together to help organisation build internal capability and take holistic people decisions.

Your company also continues to put special emphasis on Employee Communication through Town halls, Leadership interactions and messages, newsletters and interesting competitions to ensure alignment with Company's Vision and Mission.

INFORMATION TECHNOLOGY (IT)

Your company strongly believes in the power of IT and it continues to invest in new systems and processes which enable it to move on Digital Transformation and Business Intelligence journey. Your company has augmented and implemented warehouse management system tightly integrated with ERP in many of its units thereby further improving operational efficiency. Your company continues to work on improving collaboration across various units spread across many geographies by implementing on-line Document Management System (DMS) and Business Process Management (BPM) tools which is helping in automating various workflows thereby reducing turnaround time (TAT) of processes, increasing transparency and governance. Keeping customer experience in mind, your company has further invested in enhancing the features of Graphics & Artwork Management System which has digitized the entire process of capturing customers requirement and getting their approval online, thereby reducing cycle time and errors. We are proud to state that due to robust internal processes, excellent planning and coordination amongst various departments your company migrated to new GST regime as per schedule, without any disruption in production or in our supplies to the customers which was much appreciated by our esteemed customers.

While undertaking IT implementation we take particular care about IT security as part of "must do" activity. To this end, we periodically undertake Vulnerable Assessment and Penetration test (VAPT) which also involves ethical hacking of critical infrastructure. Your company continues to invest in state of art Disaster Recovery systems, redundant networking system and processes which ensure business continuity in case of any unforeseen events. A Steering Committee comprising of the Corporate Leadership Team supervises the IT initiatives and IT effectiveness through regular monthly reviews.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has in place internal control systems and a structured internal audit process charged with the task of safeguarding the assets of your Company and ensuring reliability and accuracy of the accounting and other operational data. The internal audit department reports to the Audit Committee of the Board of Directors.

Your Company has a system of monthly review of business as a key operational control wherein the performance of units is reviewed against budgets and corrective action is initiated.

Your Company has in place a capital expenditure control system for authorizing spend on new assets and projects. Accountability is established for implementing the projects on time and within approved budget. This is overseen by the Investment Committee of the Corporate Leadership team.

Your Company deploys IT supported work flows in different areas as a way to enhance controls without compromising on speed and accountability.

The Audit Committee, the Statutory Auditors and the top management are regularly apprised of the internal audit findings, and regular updates provided at the Audit committee meetings of the Action taken on the internal audit reports. The Audit Committee of the Board consisting of non- executive independent Directors reviews the quarterly, half yearly and the annual financial statements of your Company. A detailed note on the functioning of the Audit Committee and of the other Committees of the Board forms part of the section on Corporate Governance in the Annual Report.

During the year, your Company carried out a detailed review of internal financial controls in the India units. The findings were satisfactory and suggestions for improvement have been taken up for implementation. Policy guidelines and SOPs continue to be updated where required to keep pace with business needs.

RISK MANAGEMENT

The Board of Directors and the Audit Committee of the Board review the business risks to which your Company is exposed and the various mitigation measures. The senior management team led by Chairman & Managing Director is responsible to manage risks pro-actively, developing and implementing appropriate mitigation measures.

Key risks to which your Company is exposed include:

a) Escalation in raw material prices and impact for long term contracts

- Your Company has incorporated raw material cost escalation pass through clauses in its customer contracts which enable the product prices to be revised periodically to reflect any variation in material costs.
- Where possible, your Company continues to identify and establish alternate supply sources and/ or alternative materials in order to effectively manage the material costs as well as supply continuity.

b) Single Product dependency

- Being an essential consumer product and an item of daily use, tooth paste as a category still dominates your Company's product range albeit to a much lesser extent than before. However, it also tends to have a stable demand during adverse economic environment. Your Company's engagement with all major brands in this category further fortifies its position.
- Your Company now has over 40% of its revenue coming from cosmetics, food and pharma categories which is making for a diversified portfolio in terms of customers and application categories.
- Tube as a packaging format is being increasingly preferred for products in paste/gel/cream and even viscous liquid form for reasons of ease of dispensing, convenience, resource reduction, capability for branding and decoration. Here too, Laminated Tubes are being increasingly sought after by FMCG brands compared to plastic and aluminum tubes.
- Scale, technology, integrated manufacturing process, innovation capability, operational efficiencies are other factors which further strengthen your Company's competitiveness in the tubes space, as well its ability to work as global partner for large multi-national customers including local brands in each geography.

c) Attracting and retaining talent

As with any other business, high demand for talent globally impacts employee turnover. Your Company addresses this to the best possible extent by being an empowering organization with professional management culture and maintaining a lean structure. Contemporary HR practices such as career planning, competitive remuneration, performance management system, performance linked pay, stock options, skills and competency training are now well established across the Company and its subsidiaries. Top talent is given the opportunity to move across functions and geographies. Employee engagement survey is carried out annually and the findings are used to further improve employee satisfaction.

d) Currency volatility

The global nature of operations exposes the Company to multiple currencies; fluctuations in exchange rates could affect your Company's performance. Appropriate pass through clauses have been built into long term customer contracts in order to offset the impact on material cost due to exchange rate fluctuations. Prices get reviewed and revised



in the event of significant currency movements. Your Company also has the policy of systematically hedging its trade and capital exposures using forward contracts. Wherever possible transactional currencies are aligned to the reporting currency in order to obviate exchange fluctuation impact.

e) Economic downturn

This could impact your Company's markets, suppliers, customers and finances leading to business slow down, disruptions etc.

- Your Company's products are linked to daily necessities of the consumers and their demand generally is not much impacted by the downturn.
- Your Company pro-actively monitors the emerging trends in consumption and offers relevant solutions to its customers so as to stay ahead of the curve.
- Your Company also is focused on containing costs and improving efficiencies as a means to stay competitive.
- Proactive supplier and customer engagement is another way your Company seeks to minimize risk to business continuity.

f) Competition

This could put pressure on volume growth and pricing. Your Company focuses on superior quality, shorter lead time and high service level as means to keep the customer satisfaction high. It also invests in technology driven innovation, Sustainability driven products/ process to sustain its competitive edge. Besides, its ability to support the customer across the globe and focus on efficiency and value management

help to sustain its position as a world-class provider of packaging solution.

g) Wage increases in the developing markets

This could impact costs and margins. Your Company is pro-actively using automation and asset productivity improvement as a means to contain the headcount and manage employee costs.

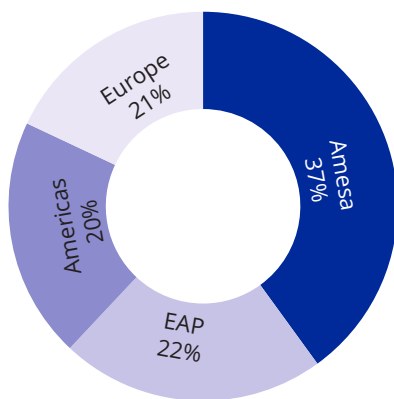
OUTLOOK

Your Company is on track with strategy implementation. The non-oral care category globally holds much growth potential for your Company over next few years by replacing plastic/ aluminum tubes and bottles with new generation laminated tubes. Added to that, Technology/ Sustainability innovations such as Mystik, Green Maple Leaf, Etain etc. have the potential to open up new opportunities, brands and customers going forward. Extensive customer engagement and focused business development efforts have made your Company a well-regarded packaging solution provider for non oral care brands globally. The performance in the recent years of your Company's business is an ample evidence of this. There are a number of initiatives under way for deploying technology to elevate customer experience of our products and service. With its large scale, global presence, innovation capability, technology focus and a motivated Human capital, your Company is well set to deliver on the task of delighting all its stakeholders.

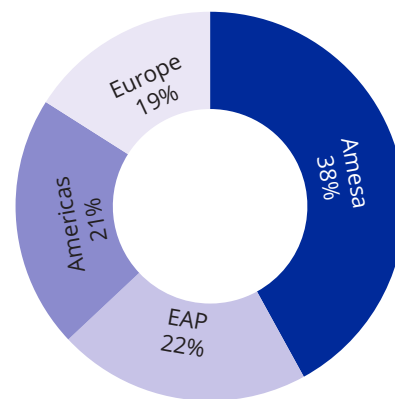
CAUTIONARY STATEMENT

Statements in this Annual report, particularly those which relate to management discussion and analysis, describing your Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may materially differ from those expressed or implied.

Revenue 2018



Revenue 2017



Corporate Governance Report

ESSEL'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance pertains to system, by which companies are directed and controlled ethically, keeping in mind enhancement of long-term sustainable interests of stakeholders. It refers to blend of law, regulations, ethical and voluntary practices, which enable the Company to attract financial and human capital, perform efficiently and thereby perpetuate it into generating long-term economic value for its shareholders, while respecting and balancing the interests of other stakeholders and the society at large.

It aims to align interest of the Company with its shareholders and other stakeholders. The incentive for companies, and those who own and manage them, to adopt global governance standards, is that these standards will help them to achieve a long-term partnership with its stakeholders and achieve its corporate objectives efficiently. The principal characteristics of corporate governance are transparency, independence, accountability, responsibility, fairness and social responsibility.

A good governance process provides transparency of corporate policies and the decision making process and also strengthens internal systems and helps in building good relationship with all stakeholders. We at Essel Propack believe in being transparent and commit ourselves to adherence of good corporate governance practices at all times as we believe that good governance generates goodwill among business partners, customers and investors and helps the Company to grow.

Corporate Ethics

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings.

Code of Conduct for Board Members and Senior Management

The Code of Conduct highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association.

The Code is, inter alia, applicable to all directors and senior management executives. The Code impresses upon directors and senior management to uphold the interest

of the Company and its stakeholders and to endeavour to fulfill all the fiduciary obligations. The Code is available on the Company's website.

Company has received a declaration of compliance with the Code of Conduct from Directors and Senior Management Personnel. The declaration by the Managing Director affirming compliance of the Board of Directors and Senior Management Personnel to the Code of Conduct is appended to this Report.

Code of Conduct for Prevention of Insider Trading

The Company has adopted a 'Code of conduct to regulate, monitor and report Trading by Insiders' (the Code) pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code is applicable to all Directors and such Designated Persons as defined in the Code.

The detailed report on Corporate Governance for the year ended on 31 March 2018 under applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations or Listing Agreements) is set out below.

1 BOARD OF DIRECTORS

1.1 Directors' profile

The Board of Directors of the Company comprises highly renowned professionals drawn from diverse fields. They bring with them wide range of skills and experience to the Board which enhance the quality of the Board's decision making process. Profile of the Directors are posted on the Company's website www.esselpropack.com.

1.2 Board Procedure

With a view to follow transparency, the Board follows procedure of advance planning for the matters requiring discussion / decisions by the Board. The Board is given presentation covering finance, sales, major business area and operations of the Company and other matters as members want. Agenda papers for the Board and committee meetings are finalized in consultation with concerned functionaries. The minutes of proceeding of each board meetings are maintained in terms of statutory provisions. Meetings of various committees are held properly. The minutes of committee meetings are placed regularly before the Board.

The Agenda and notes to agenda for the meetings of the Board and Committees, together with relevant details, resolutions and documents are circulated



in advance of the meeting. The Company follows practice to schedule dates of meetings for coming year or such period as possible. Meetings are largely held in attendance of Chief Operating Officer, Chief Financial Officer and Company Secretary and other executives are also invited wherever necessary for discussion or inputs.

1.3 Composition of the Board, category, directorship etc.

The Board of the Company comprises of five Directors as on 31 March 2018 with an optimum combination of

executive and non-executive directors, of which three are Independent Directors, one is Non-executive and one is Managing Director. Independent Directors are renowned professional with specialization in their respective fields, having varied skills and expertise and not related to promoters of the Company. The Company is in compliance of the Listing Regulations and the Companies Act 2013 (the Act). The composition of the Board and other details as on 31 March 2018 are as below.

| Name of Director | Category | No. of Directorship in other companies ⁽¹⁾ | Position in outside Committees ⁽²⁾ | |
|---------------------|--------------------------------|---|---|--------|
| | | | Chairman | Member |
| Mr. Mukund Chitale | Independent Director | 9 | 3 | 5 |
| Mr. Boman Moradian | Independent Director | 3 | 0 | 4 |
| Ms. Radhika Pereira | Independent Director | 4 | 2 | 3 |
| Mr. Ashok Goel | Chairman and Managing Director | 13 | 0 | 2 |
| Mr. Atul Goel | Non-executive Director | 11 | 0 | 0 |

(1) Including private companies but excluding foreign companies, companies registered under section 8 of the Companies Act 2013, and alternate directorship.

(2) Represents Chairmanship / Membership of Audit Committee and Stakeholders Relationship Committees of other companies.

Mr. Ashok Goel and Mr. Atul Goel are related to each other. None of the other Directors on the Board are related to each other.

Mr. Ashok Goel holds 4,23,760 equity shares in the Company. 8,93,39,014 equity shares are in the name of Mr. Ashok Kumar Goel, which is being held by him as a trustee of Ashok Goel Trust. Other directors are not holding any share in the Company.

Directors of the Company do not hold any options or instruments convertible into equity shares of the Company.

1.4 Board Meetings and attendance

During the year under review, the Board of Directors of the Company met five times i.e. on 23 May 2017, 10 August 2017, 7 November 2017, 1 February 2018 and 16 March 2018. The agenda papers along with notes and other supportings were circulated in advance of the Board Meeting with sufficient information.

Directors' attendance in Board Meetings held during the financial year and last Annual General Meeting are as under.

| Name of Director | No. of Board Meetings | | Attendance at Last Annual General Meeting |
|---------------------|-----------------------|----------|---|
| | Held | Attended | |
| Mr. Mukund Chitale | 5 | 5 | Yes |
| Mr. Boman Moradian | 5 | 4 | Yes |
| Ms. Radhika Pereira | 5 | 5 | Yes |
| Mr. Ashok Goel | 5 | 5 | Yes |
| Mr. Atul Goel | 5 | 3 | Yes |

1.5 Familiarization Programme

The Company's policy on programmes and measures to familiarize Independent Directors about the Company, its business, updates and development includes various measures viz. issue of appointment letters containing terms, duties etc, presentation and other programmes as may be appropriate from time to time. Periodic presentations are made at the Board and Committee meetings on business,

performance updates of the Company, global business environment, business strategy and risk involved. The Policy and programme aims to provide insights into the Company to enable independent directors to understand the business, functionalities, business model and other matters. The Company's Policy and other details in this respect is posted in investors section on the Company's website or link, <http://www.esselpropack.com>

2 PERFORMANCE EVALUATION

During the year, the Board conducted a formal annual evaluation for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board meetings. The performance of the Committees was evaluated by the Board seeking inputs from the Committee members. The criteria to evaluate the performance of the Board, committees, independent directors and non-independent directors were; a) Board Composition, size, mix of skill, experience and role; b) attendance and deliberation in the meetings; c) contribution or suggestions for effective functioning, development of strategy, board process, policies and others. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

3 POLICY ON APPOINTMENT OF DIRECTOR, QUALIFICATION AND ATTRIBUTES

The Company's policy on appointment of directors provides, *inter alia*, criteria of qualification, experience and skills in relation to appointment for the position of director.

4 AUDIT COMMITTEE

Audit Committee of the Board has been constituted in terms of the Listing Regulations and Section 177 of the Act.

The Audit Committee comprises of three directors. All members of the Audit Committee are independent directors. The Committee met four times during the year on 23 May 2017, 10 August 2017, 7 November 2017, and 1 February 2018.

| Name of the Member | Category | No. of Meetings | |
|------------------------------|----------------------|-----------------|----------|
| | | Held | Attended |
| Mr. Mukund Chitale, Chairman | Independent Director | 4 | 4 |
| Mr. Boman Moradian | Independent Director | 4 | 3 |
| Ms. Radhika Pereira | Independent Director | 4 | 3 |

Company Secretary of the Company acts as secretary to the Audit Committee.

Audit Committee meetings are also attended by Chief Financial Officer, COO, representatives of the Statutory Auditor and Internal Auditors and other executives as and when required. The Committee also invites senior

executives, where it considers appropriate, to attend meetings of the Audit Committee.

Terms of reference and role of the audit committee includes the matters specified under the Act and the Listing Regulations. Broad terms of reference includes: oversights of financial reporting process, review financial results and related information, approval of related party transactions, review internal financial controls and risk management, evaluate performance of statutory and internal auditors, audit process, relevant compliances, appointment and payments to statutory auditors.

5 NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee of the Board (NRC) has been constituted in terms of the Listing Regulations and Section 178 of the Act.

The Nomination and Remuneration Committee comprises of three directors. All the members of the Nomination and remuneration committee are independent directors

During the year under review, the Nomination & Remuneration Committee met once on 23 May 2017.

The Composition of the NRC and the attendance are as under.

| Name of the Member | Category | No. of Meetings | |
|------------------------------|----------------------|-----------------|----------|
| | | Held | Attended |
| Mr. Boman Moradian, Chairman | Independent Director | 1 | 1 |
| Mr. Mukund Chitale | Independent Director | 1 | 1 |
| Ms. Radhika Pereira | Independent Director | 1 | 1 |

Terms of reference of the NRC includes the matters specified under the Act and the Listing Regulations. Broad terms of reference includes; formulation of remuneration policy, set criteria for determining qualifications, positive attributes and independence of a director, formulation of criteria for evaluation of independent directors and the Board and criteria for appointment of directors and senior management.

5.1 Remuneration of Directors

Details of remuneration, perquisites etc and sitting fees of Directors for the financial year ended on 31 March 2018 are as under.



| Name of Director | Category | ₹ in lakhs | | |
|---------------------|------------------------|-----------------------------------|--------------|-------|
| | | Commission or annual remuneration | Sitting fees | Total |
| Mr. Mukund Chitale | Independent Director | 15.00 | 2.20 | 17.20 |
| Mr. Boman Moradian | Independent Director | 15.00 | 2.40 | 17.40 |
| Ms. Radhika Pereira | Independent Director | 15.00 | 2.00 | 17.00 |
| Mr. Atul Goel | Non-executive Director | Nil | Nil | Nil |

| Name of Director | Category | Remuneration components ₹ in lakhs | | | | Total |
|------------------|------------------------------|------------------------------------|------------------------|-------------|-------------------|--------|
| | | Salary | Allowance, perquisites | Cont. to PF | Performance bonus | |
| Mr. Ashok Goel | Chairman & Managing Director | 304.66 | 145.48 | 36.56 | 153.00 | 639.70 |

Period of appointment of Mr. Ashok Goel, Chairman & Managing Director is for a period of five years w.e.f 21 October 2013 and it can be terminated by either party giving three months' notice to other.

Remuneration to Mr. Ashok Goel, Chairman & Managing Director of the Company comprises of fixed pay, perquisites and variable pay as mentioned above. Performance bonus/variable pay is based on criteria including achievement of performance standards as per Remuneration policy of the Company.

Performance bonus of the Chairman & Managing Director is as may be approved by the Nomination & Remuneration Committee and based on criteria including achievement of performance standards as mutually set out from time to time and as per Remuneration policy of the Company.

Commission payable to Directors as mentioned above is provided for the financial year 2017-18 and will be paid subsequent to the approval of the financial statements.

5.2 Remuneration policy

The Board on the recommendation of Nomination and Remuneration Committee approved Remuneration Policy for Directors, KMP and senior management employees.

The policy describes various aspects and guiding factors while determining the remuneration to Directors, KMP and senior managerial personnel of the Company with intent to maintain level and composition of remuneration reasonable and sufficient to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and also create competitive advantage. Broad provisions of the Remuneration

Policy are summarized hereunder.

- Nomination and Remuneration committee (NRC) has important role in monitoring the policy.
- The Board, on the recommendation of NRC approves the remuneration payable to the Managing Director of the Company. The remuneration payable to the Managing Director shall be in accordance with the applicable provisions of the Act, and the rules framed thereunder.
- The Board, on the recommendation of the NRC approves the remuneration payable to the Key Managerial Personnel and Senior Management Personnel. The structure of remuneration payable to Key Managerial Personnel and Senior Management Personnel will be in accordance with the compensation framework adopted for employees generally by the Human Resource department of the Company.
- The commission to the Independent Directors is paid as per the provisions of the Act and the rules framed thereunder.
- The Commission will be distributed among the independent directors as per criteria mentioned in this Report.

5.3 Criteria for payment to Non-executive / Independent Directors

Independent Directors are paid sitting fee of ₹ 20,000 for each meeting of the Board or committee thereof. The Company also reimburses expenses incurred by the directors for attending the meetings. The remuneration by way of commission to the independent directors is decided, keeping in view the recommendations by NRC, based on number of factors including number of meetings attended by the

director during the year, contribution to the Board and Committees and involvement in the decision making.

6 STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders' relationship Committee comprises of two directors. The Chairperson of the committee is an Independent Director. During the year under review, the Stakeholders' Relationship Committee met three times on 23 May 2017, 10 August 2017 and 7 November 2017.

The Composition of the above Committee and the attendance is as under.

| Name of Member | Category | No. of Meetings | |
|------------------------------|------------------------------|-----------------|----------|
| | | Held | Attended |
| Mr. Boman Moradian, Chairman | Independent Director | 3 | 3 |
| Mr. Ashok Goel | Chairman & Managing Director | 3 | 3 |

During the year, three investors complaints were received and all the complaints have been resolved. No investors' complaints were pending as on 31 March 2018.

Terms of Reference and role of the Stakeholders Relationship Committee includes the matters specified under the Act and the Listing Regulations. Broad terms of reference includes; to consider and resolve the grievances of security holders of the Company, to redress the shareholders' and investors' complaints such as those relating to transfer of shares, non-receipt of annual reports, etc.

Mr. Suresh Savaliya, Head – Legal and Company Secretary has been appointed as compliance officer pursuant to the Listing Regulations. The designated e-mail for investor service and correspondence is complianceofficer@ep.esselgroup.com

7 OTHER COMMITTEES

In addition to the above referred committees, the Board has constituted committees of Directors and executives to look into various business matters. These committee includes corporate social responsibility committee, security and allotment committee and risk management committee. Details relating to corporate social responsibility committee are given in the Board's report.

8 GENERAL BODY MEETINGS

Details of last three Annual General Meetings (AGM) are given here below.

| Year | Date | Time | Venue |
|---------|------------|-----------|--|
| 2014-15 | 30.06.2015 | 11.00 a.m | Registered office at |
| 2015-16 | 17.06.2016 | 11.00 a.m | P.O. Vasind, Taluka: |
| 2016-17 | 12.07.2017 | 11.00 a.m | Shahapur, District: Thane, Maharashtra - 421604, India |

The following are the special resolutions passed at the last three AGM.

| Date of AGM | Summary of special resolution passed |
|-------------|--|
| 17.06.2016 | Keeping registers, returns, etc at registered office /other place. |
| 12.07.2017 | Redesignate Mr. Ashok Goel as Chairman and Managing Director. |

Resolutions passed through postal ballot: The Company has passed following resolution through postal ballot during the financial year.

- Special Resolution under section 186 and the other applicable provisions of the Companies Act, 2013 to give loan, provide guarantee, security and/or make investment not exceeding limit of ₹ 1200 Crores.
 - The Board of Directors of the Company had appointed Mr. Dharmesh Zaveri of D M Zaveri & Co., Practicing Company Secretary, as the scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.
 - The Company had completed the dispatch of the Postal Ballot Notice dated 12 July 2017 together with the explanatory statement along with forms and reply envelopes to all the shareholders whose names appeared on the Register of Members/list of beneficiaries as on 5 July 2017.
 - The voting period under the postal ballot was kept open from 9.00 a.m. on Thursday, 13 July 2017 to 5.00 p.m. on Tuesday, 11 August 2017 (either physically or through electronic mode).
 - All postal ballots forms received/receivable on or before of close of working hours of 11 August 2017 the last date and time fixed by the Company for receipt of the forms, had been considered for scrutiny or voting purpose.



- e) On 12 August 2017 the results of the postal ballot as per the Scrutinizer's Report was announced and declared that the above resolution was passed with requisite majority.
2. Special Resolution under section 42, 71 and the other applicable provisions of Companies Act, 2013 to raise the funds by way of issue of secured/unsecured redeemable non-convertible Debentures on private placement basis provided that outstanding amount of debt securities shall not exceed ₹ 200 Crores & Special Resolution under section 14 and other applicable provisions of Companies Act, 2013 to adopt new set of Articles of Association.
- a) The Board of Directors of the Company had appointed Mr. Dharmesh Zaveri of D M Zaveri & Co., Practicing Company Secretary, as the scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.
- b) The Company had completed the dispatch of the Postal Ballot Notice dated 11 November 2017 together with the explanatory statement along with forms and reply envelopes to all the shareholders whose names appeared on the Register of Members/list of beneficiaries as on 3 November 2017.
- c) The voting period under the postal ballot was kept open from 9.00 a.m. on Monday, 13 November 2017 to 5.00 p.m. on Tuesday, 12 December 2017 (either physically or through electronic mode).
- d) All postal ballots forms received/receivable on or before of close of working hours of 12 December 2017 the last date and time fixed by the Company for receipt of the forms, had been considered for scrutiny or voting purpose.
- e) On 13 December 2017 the results of the postal ballot as per the Scrutinizer's Report was announced and declared that the above resolution was passed with requisite majority.
- b) The Company has complied with all applicable provisions of the Listing Regulations and other SEBI Regulations wherever applicable. No penalties have been imposed or stricture issued by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.
- c) The Company has a Whistle-Blower Policy for establishing a vigil mechanism to report genuine concerns regarding unethical behavior and mismanagement, if any. No employee of the Company was denied access to the Audit Committee. Details relating to vigil mechanism are also mentioned in the Board's Report.
- d) The Company has complied with the mandatory requirements of the Corporate Governance of the Listing Regulations and also followed non-mandatory requirements relating to financial statements with unmodified audit opinion / without qualification
- e) The Company is in compliance with the provisions in relation to material subsidiary wherever applicable. Policy for determining 'material' subsidiary is posted on the website and can be accessible by following the link: <http://www.esselpropack.com/wp-content/uploads/2015/03/Policy-for-determining-material-subsiary.pdf>
- f) There were no pecuniary relationships or transactions of non-executive directors vis-à-vis the Company during the year under review, except payment of sitting fees and remuneration.
- g) Disclosure of commodity price risks and commodity hedging activities: The Company has price review mechanism to protect against material movement in price of raw materials.

9 DISCLOSURES

- a) During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the notes to the financial statements and in Board's Report. Policy on dealing with related party transactions is posted on the website of the Company and can be accessible by following the link: <http://www.esselpropack.com/wp-content/uploads/2015/03/Related-PartyTransaction-Policy.pdf>.

10 MEANS OF COMMUNICATION

- a) **Newspapers:** The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers viz. Economics Times, DNA and Maharashtra Times.
- b) **News Release and Presentation:** The Company also regularly releases press release to enable the stakeholders to appreciate the important developments and updates about the Company. News releases, presentations made to media, analysts, institutional investors, transcript of conference call with investors/analysts etc. are displayed on the company's website www.esselpropack.com.

- c) Website:** The Company's website www.esselpropack.com contains a separate dedicated section "Investors" and "Press Release" where shareholders information is available. Quarterly and annual financial results, annual report are also available on the website. Press releases made by the Company from time to time are also displayed on the website.
- d) Annual Report:** Annual Report containing, inter alia, Board's report, auditors' report, audited financial statements and other important information is circulated to members and others entitled thereto. The Annual Report is also available on website of the Company. Verbatim copy of financial statements, reports etc are circulated in this Report and the same shall be deemed as signed copy.
- e) Website of the Stock Exchanges:** Disclosures and filing with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) by the Company are also hosted on website of the said stock exchanges.
- f) Disclosures:** The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and have relevance to the shareholders.

11 GENERAL SHAREHOLDERS' INFORMATION

- a) Annual General Meeting** is scheduled to be held on Wednesday, 13 June 2018 at 11:00 a.m. at the Company's registered office at P.O.Vasind, Taluka Shahapur, Thane 421604.
- b) Financial Year:** The Company follows April to March as its financial year. The results for every quarter beginning from April are declared tentatively in the month following the quarter or within the time line as per Listing Regulations.
- c) Record Date:** Record date for the purpose including payment of dividend is given in Notes to Notice convening above mentioned Annual General Meeting.
- d) Dividend Payment Date:** Dividend will be paid within the stipulated period, after its declaration by the members at the AGM.

Dividend on Equity Shares when declared will be made payable after the AGM to those Shareholders whose names stand in the Company's Register of Members on relevant dates of record date/book

closure. In respect of shares held in electronic form/ demat, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.

- e) Listing on Stock Exchanges:** The Company's equity shares are listed on the following Stock Exchanges.

National Stock Exchange of India Limited (NSE), Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

BSE Limited (BSE), P. J. Towers, Dalal Street, Fort, Mumbai 400001.

Stock Code/Symbol: BSE - 500135. NSE - ESSELPACK. ISIN: INE255A01020

Debt Securities: Listed on Wholesale Debt Market (WDM) Segment of BSE.

Series: B Scrip Code: 951430, ISIN: INE255A07522 (Redeemed on 18.04.2018)

Scrip Code: 957238, ISIN: INE255A08AV3

Debenture Trustees: Axis Trustee Services Limited, Axis House, 2nd Floor, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025. Tel: +91 22 43255231

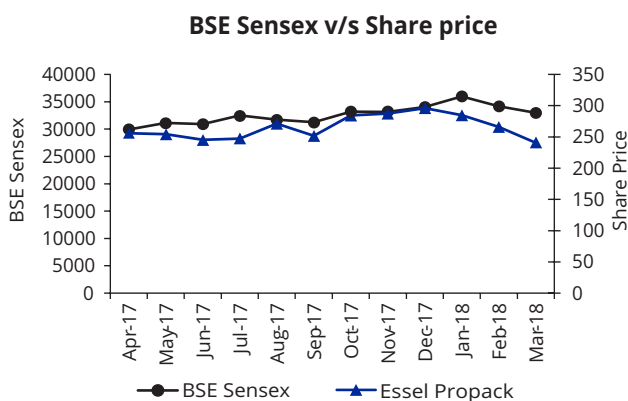
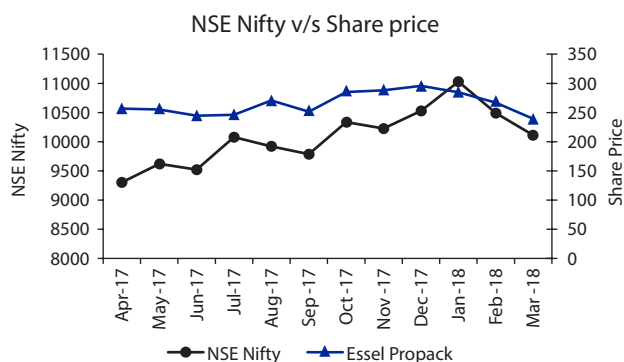
- f) Payment of Listing Fees:** The Company has paid annual listing fee for the year 2018-19 to BSE and NSE within time.

- g) Market Price Data:** The monthly high and low price of shares traded on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) are as follows:

| Month & Year | BSE (In ₹) | | NSE (In ₹) | |
|----------------|------------|--------|------------|--------|
| | High | Low | High | Low |
| April 2017 | 259 | 231.1 | 259.4 | 230.55 |
| May 2017 | 276.4 | 246 | 275.95 | 245.95 |
| June 2017 | 272.75 | 238 | 274.95 | 238.2 |
| July 2017 | 256.25 | 233.25 | 257 | 237.5 |
| August 2017 | 285.6 | 235.5 | 285.9 | 237.05 |
| September 2017 | 273.35 | 240.9 | 274.5 | 240.35 |
| October 2017 | 286 | 248.7 | 287 | 248.15 |
| November 2017 | 317 | 276.5 | 315.55 | 275.1 |
| December 2017 | 305 | 266.5 | 299.1 | 265.05 |
| January 2018 | 300 | 282.3 | 300 | 282.3 |
| February 2018 | 293.8 | 246 | 293.85 | 244.05 |
| March 2018 | 278 | 235.1 | 270.65 | 235.1 |



h) Performance of the Company's stock price vis-a-vis Sensex / Index



i) Share Transfer System

Applications for transfer of shares in physical form are minimal and processed through the Company's Registrar & Transfer Agent. The Share Transfer Committee constituted for transfer / transmission of shares, issue of duplicate shares and allied matters. The transfers of shares in physical form as and when received are normally processed within 15 days from the date of receipt of documents complete in all respects.

j) Distribution of Shareholding as on 31 March 2018

| No. of equity shares | No. of share holders | % of share holders | No. of Shares Held | % of share Holding |
|----------------------|----------------------|--------------------|--------------------|--------------------|
| 1 to 500 | 28098 | 85.64 | 2605753 | 1.66 |
| 501 - 1000 | 2128 | 6.49 | 1663246 | 1.06 |
| 1001 - 5000 | 2104 | 6.41 | 4432177 | 2.82 |
| 5001 - 10000 | 243 | 0.74 | 1740223 | 1.11 |
| 10001 and above | 238 | 0.72 | 146740265 | 93.35 |
| Total | 32811 | 100 | 157181664 | 100 |

k) Dematerialization of equity shares and liquidity

As on 31 March 2018, 99.15% of the Equity Shares have been dematerialized.

Equity Shares of the Company are under compulsory demat trading by all investors. Considering the advantages of scripless / demat trading, shareholders are requested to consider dematerialization of their shares so as to avoid inconvenience in future.

l) Commodity price risk or foreign exchange risk and hedging activities.

Risks are associated with various forex exposures like translation, transaction, economic etc. the Company would have on risk on net import side. Import Exposure includes Acceptances, Trade Payables, Trade Buyer's Credit, Interest Payable, CAPEX Buyer's Credit etc. and export exposure includes trade receivable, royalty receivable etc.

There are various financial instruments for hedging available to mitigate these risks like Forward Cover, Options, and Derivative etc. Based on the risks involved in the hedging instrument, the Company is normally using Forward Cover as measure for mitigating the Forex Volatility.

m) Plant Locations: The Company has plants/units at Vasind, Wada, Dhanoli (Vapi), Nalagarh (HP) and Goa as at the end of the financial year.

n) Registrar & Transfer Agent and Address for Communication

Registrar & Share Transfer Agent: Bigshare Services Private Limited, 1st Floor, Bharat Tin works Building, Opp Vasant Oasis, Makwana road, Marol, Andheri (E), Mumbai- 400059. Tel No. 022 62638200, Fax: 022 62638299.

Registered Office: P.O. Vasind, Taluka Shahapur, Thane 421604, Maharashtra, Tel: +91 9673333971/9882CIN:L74950MH1982PLC028947

Corporate Office: Top Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400013. Tel: +91 22 2481 9000/9200. Fax: +91 22 24963137, complianceofficer@ep.esselgroup.com, www.esselpropack.com

Investors Service and contact: Mr. Surje Singh, Sr. Manager – Legal & Secretarial at corporate office as mentioned above.

In order to facilitate investor servicing, the Company has a designated email id: investor.grievance@ep.esselgroup.com for registering queries by investors.

o) Shares in suspense account

The details of unclaimed equity shares and shareholders of the Company in unclaimed suspense account as on 31 March 2018 is mentioned below:

| As on 1 April 2017 | | Shareholder who approached RTA & shares transferred in their favor | | Balance as on 31 March 2018 | |
|--------------------|---------------|--|---------------|-----------------------------|---------------|
| No. of Records | No. of Shares | No. of Records | No. of Shares | No. of Records | No. of Shares |
| 1074 | 3160 | -- | -- | 1074 | 3160 |

The voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owner of such shares claims the shares or as per statutory provisions.

p) Corporate benefits

Details of corporate benefits issued by the Company are given below:-

Dividend

| Year | % | Year | % | Year | % |
|-------------------|-----|-------------------|------|---------|--------|
| 1990-91 | 10% | 1999-00 (Special) | 150% | 2007 | 60% |
| 1991-92 | 15% | 1999-00 (Interim) | 54% | 2008 | 15% |
| 1992-93 | 20% | 2000-01 | 54% | 2009-10 | 20% |
| 1993-94 | 27% | 2001 | 55% | 2010-11 | 30% |
| 1994-95 | 27% | 2002 | 65% | 2011-12 | 32.50% |
| 1995-96 | 32% | 2003 (Interim) | 70% | 2012-13 | 37.50% |
| 1996-97 (Interim) | 15% | 2003 (Final) | 10% | 2013-14 | 62.50% |
| 1996-97 (Final) | 30% | 2004 (Interim) | 80% | 2014-15 | 80.00% |
| 1997-98 (Interim) | 20% | 2004 (Final) | 10% | 2015-16 | 110% |
| 1997-98 (Final) | 32% | 2005 (Interim) | 100% | 2016-17 | 120% |
| 1998-99 (Interim) | 20% | 2005 (Special) | 120% | | |
| 1998-99 (Final) | 34% | 2006 (Interim)* | 100% | | |

* The face value of equity shares was subdivided from ₹10 to ₹2 with effect from 15 June 2006.

Rights Shares (Price inclusive of premium)

| Year | Face Value (₹) | Ratio | Price (₹) |
|------|----------------|-------|-----------|
| 1990 | 10 | 1:2 | 10 |
| 1992 | 10 | 1:4 | 50 |
| 1995 | 10 | 1:3 | 225 |

Bonus shares

| Year | Face Value (₹) | Ratio |
|------|----------------|-------|
| 1994 | 10 | 1:2 |
| 2000 | 10 | 3:5 |

For and on behalf of the Board
Essel Propack Limited

Ashok Goel
 Chairman & Managing Director



DECLARATION IN RESPECT OF CODE OF CONDUCT

In accordance with the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I hereby confirm and declare that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company laid down for them for the financial year ended 31 March 2018.

For **Essel Propack Limited**

Ashok Goel

Chairman & Managing Director

26 April 2018, Mumbai

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Essel Propack Limited

We have examined the compliance of conditions of Corporate Governance by **Essel Propack Limited** (the Company), for the year ended 31 March 2018 as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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.

For **Ford Rhodes Parks & Co LLP**

Chartered Accountants

Firm Registration Number 102860W/W100089

Ramaswamy Subramanian

Partner

Membership Number 016059

26 April 2018, Mumbai

Annexure 1

Dividend Distribution Policy

1. INTRODUCTION

Security and Exchange Board of India has issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide notification dated 2 September 2015 coming into effect from 1 December 2015. The said Regulation is in substitute of compliance requirement of listing agreements entered into with recognized Stock Exchanges in India in respect to listing of equity shares, debts and other securities. Said Regulations as amended from time to time inter alia provides for the top five hundred listed entities based on market capitalization to formulate a dividend distribution policy.

2. PURPOSE

The purpose of this Policy is to outline guiding factors, parameters and procedures in relation to the determining amount of Dividend on equity shares of the Company by the Board and recommend the same for approval of shareholders whenever necessary.

This Policy is intended to provide guidance and approach of the Board of Directors for determining and recommendation on the amount of dividend on equity shares of the Company and process for payment.

To achieve these objectives, maintain decency and to observe applicable regulation, in relation to determining amount of dividend and distribution, the Board of Essel Propack Limited is adopting this Dividend Policy.

3. TITLE, COMMENCEMENT AND EXTENT

3.1 This Policy is called the "Dividend Distribution Policy" or "Dividend Policy" or the "Policy".

3.2 This Policy has been approved by the Board in its meeting held on 2 February 2017 and the same shall come into effect accordingly.

4. DEFINITIONS AND INTERPRETATION

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

4.1 **"Board"** or **"Board of Directors"** means the Board of Directors of the Company.

4.2 **"Company"** or **"Essel"** means the Essel Propack Limited, registered in India under the Companies Act 1956/2013 having CIN L74950MH1982PLC028947.

4.3 **"Dividend"** means annual dividend and also includes interim and/or special dividend.

4.4 **"Executive Management"** means the Managing Director, Chief Operating Officer and Chief Financial Officer of the Company.

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

4.6 **"Statutory provisions", "Regulation" or "Listing Regulations"** means applicable provisions of the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended or reenacted time to time and other applicable law in relation to the Dividend.

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

5. ESSEL'S DIVIDEND POLICY

Essel's Board adopts the policy of steady and progressive dividend distribution out of the net profit keeping in view the following factors. The Board believes this will serve the interest of the Shareholders for their regular income and the Company's business growth.

In determining the amount of dividend on equity shares of the Company for distribution to equity shareholders from time to time, the Board will consider the following guidelines and parameters, keeping in view the audited or reviewed financial results of the Company, as may be relevant to the financial year and estimates of the next financial year when context so requires.

5.1 Financial parameters

The Board shall be guided by the following financial factors when recommend the Dividend.

- a) To recommend steady dividend payout keeping in view standalone and consolidated net profit of the Company as per audited financial results, Subject to financial, external, internal and others factors.
- b) Increase in standalone and consolidated net sales, net profit, cash profit and net worth as compared to previous financial year.



- c) Position of debts, interest rate and debt servicing during the financial year and change expected during the next financial year.
- d) Other factors would include magnitude of realized profits, operating cash flow, liquidity, capacity to service borrowings, cost of borrowings vis-à-vis cost of capital, sales volume, anticipated expenses, financial ratios etc.

5.2 Internal Factors

- a) Cash requirements in short to medium term for capex program, organic and inorganic growth, acquisition, further investment in subsidiaries and joint ventures, surge sustainability in global business markets.
- b) Profitability, earnings variability, liquidity and cash flows, financial leverage and asset characteristics such as the composition of tangible and intangible assets.
- c) Achievement of targets in relation to capacity additions, inventions, new customers, quality excellence, fair inventory levels, sustainable balance between oral, non-oral care and pharma segments, as and when the management has set the targets for all or any of the aforesaid.
- d) To consider the proposal, if any, presented by Executive Management in relation to the recommendation of the Dividend.

5.3 External factors

- a) Change in statutory provisions, domestic and international taxation aspects, government policies, major accounting adjustments and audit assumptions.
- b) Contingent liability and legal disputes expected to tolerate in medium to long term and natural calamity.
- c) Material change in technology, market position, statutory restrictions, commercial assumptions and other aspects which is anticipated to affect to the business or profitability of the Company, its subsidiaries, joint ventures or major customers.
- d) Major write off of the bad debts, distressed assets or investments, bankruptcy of major customers, stricture of public liability and similar aspects affecting to the business or profit of the Company on standalone and consolidated basis.

In exceptional circumstances, the Board may deviate some parameters in determining the amount of

dividend, if after deliberations in board meeting, it is decided so in interest of the Company, with consent of all the directors present.

6. UTILIZATION OF RETAINED EARNING

It is intended to use the retained earnings for business growth, capacity additions and general corporate purpose. Considering the cost of the borrowings vis-à-vis available funds (retained earnings), the quantum of reserves and available depreciation fund, the Board may decide to plough back the earnings. Utilization of the retained earnings of the Company shall be inter alia based on the factors includes financial leverage, mitigate dependence on external debts, expansion and diversification.

7. CIRCUMSTANCES UNDER WHICH MAY NOT EXPECT DIVIDEND

The Board intends to recommend reasonable dividend every financial year in normal business scenario keeping in view the provisions of this Dividend Policy. However the Board may consider to recommends lesser dividend as compared to previous financial years or may not recommend Dividend for any one or more financial years keeping in view the possible effect of one or more "External Factors" to the business, sales, profit or sustainability of the Company, its subsidiaries or in any other circumstances the Board decides that distribution of the profit by way of Dividend is not advisable in interest of the Company.

8. POLICY EXCLUSION

The policy shall not be applicable in the following circumstances.

- a) Buyback of shares or securities.
- b) Dividend on preference shares.
- c) Benefit to shareholders or class of shareholders by virtue of arrangements as may be approved by National Company Law Tribunal or appropriate authority.

9. INTERIM, SPECIAL OR HIGHER DIVIDEND

The Board may approve Interim Dividend, Special or higher Dividend considering the recommendation from the Executive Management and factors as mentioned in this Policy, keeping in view the financials based on reviewed or audited financial statements and as may be permitted under the statutory provisions. The Board at its discretion may consider the aforesaid proposal if the Board thinks that the factors as referred in the policy are favorable, available and possible use of cash and other factors as the Board may think relevant.

10. PROCEDURE IN RELATING TO THE DIVIDEND AND PAYMENT

- a) The Board usually to recommend Dividend annually for financial year based on annual financial results. Recommendation of the Board on annual dividend will be submitted to the shareholders in accordance with the statutory provisions for the adoption of a final decision at the shareholders' meeting. The amount of annual dividends shall not exceed the amount recommended by the Board of Directors.
- b) Annual Dividend as approved by the Shareholders or interim or special Dividend as approved by the Board will be paid in cash to those who are Shareholders on record date or book closure as may be determined for the purpose.
- c) Primary method for the payment of Dividends is the transfer or direct credit of dividend amount in Indian rupee to respective accounts of the shareholders in the Indian Bank details of which is registered with the Company or made available by the Depositories. In absence of correct bank account details, the Company will pay Dividend by way of dispatch of physical dividend instrument or demand drafts.

- d) The Company shall follow the statutory provisions as may be applicable from time to time relating to approval, declaration and payment of Dividend.

11. CLARIFICATIONS, AMENDMENT ETC

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

This Policy may be modified, amended, clarified or substituted by the Board as may be necessary.

This Policy is approved by the Board of Directors and signed for authentication on its behalf as under.

12. CAUTIONARY STATEMENT

The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for growth of the Company and subject to other aspects as mentioned in this Policy and/or other aspect the Board may think appropriate at its discretion from time to time.



Annexure 2

Secretarial Audit Report

Form No. MR-3

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 of Managerial Personnel) Rules, 2014]

To,
The Members,
Essel Propack Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Essel Propack Limited** (hereinafter called '**the Company**'). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Essel Propack Limited'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 ended on 31st March 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 the Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('The SEBI'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not relevant / applicable, since there is no delisting of equity shares during the year)
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not relevant / applicable, since there is no buyback of securities during the year)
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - (vi) The following laws are specifically applicable to the Company in addition to laws mentioned above;
 - (a) Factories Act, 1948
 - (b) Contract Labour (Regulation and Abolition) Act, 1970
- I have also examined compliance with the applicable clauses to the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Government of India, as applicable under the Companies Act, 2013;
 - (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive, 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 the directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

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

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. The management has installed IT enabled software called “Legatrix” to manage legal and regulatory compliance. The Legatrix system has been implemented by legal professional and expert service provider Legasis Services Private Limited. We have reviewed the functioning of said system implemented at all plants, registered and corporate office of the Company and the said systems *inter alia* checks, alters, provide reports, updates and overview compliance management of various laws including laws specifically applicable to the Company viz Factories Act 1948, the Contract Labour (Regulation and Abolition) Act, 1970.

I further report that, during the period under review, there were following major actions which have been done in compliance with applicable statutory provisions;

1. Pursuant to the Essel Employee Stock Option Scheme 2014 (ESOS 2014) 80,166 Equity shares of face value of ₹ 2 each of the Company were allotted on 31st August 2017 to those grantee who had exercised their vested Options.
2. The Company has issued and allotted 500 unsecured rated redeemable non-convertible debentures of ₹ 10,00,000/- each aggregating to ₹ 50 Crores by the way of Private Placement.
3. The Company has redeemed 500 Series A Secured redeemable Non-convertible debentures of ₹ 10,00,000/- each aggregating to ₹ 50 Crores on 18 December 2017.
4. The Company had obtained approval of the members by way of Postal Ballot for passing Special resolution to make investment, give loans, guarantees and provide securities not exceeding the limit of ₹1200 Crores.
5. The Company has obtained approval of the members by way of Postal Ballot for passing Special Resolution to approve Private Placement of NCD's and/or Debt securities which shall not exceed ₹ 200 Crores.
6. The Company has obtained approval of the members by way of Postal Ballot for passing Special resolution to approve adoption of new set of regulations of Article of Association pursuant to applicable provisions of Companies Act, 2013.

For **D. M. Zaveri & Co**
Company Secretaries

Dharmesh Zaveri
(Proprietor)
FCS. No.: 5418
CP No.: 4363

Place: Mumbai
Date: 26/04/2018



Annexure 3

CSR Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

-
1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects and programs.
- Pursuant to Section 135(1) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors have constituted a CSR Committee. The Board also framed a CSR Policy in compliance with the provisions of Section 135 of the Companies Act, 2013. The said policy is placed on the website and is available on the following weblink
- <http://www.esselpropack.com/wp-content/uploads/2015/02/Corporate-Social-Responsibility-Policy.pdf>
- In line with CSR Policy and in accordance with Schedule VII to the Act, the Company has undertaken the following CSR projects:
- Promoting Education
 - Providing Sanitation facilities
 - Promoting healthcare including preventive health care
 - Ensuring Environment Sustainability
 - Rural Development
- The Company has undertaken the above CSR activities directly and also through registered trust or registered society and other permissible entities having an established track record of more than 3 years.
-
2. The Composition of the CSR Committee
- Mr. Ashok Goel, Chairman & Managing Director
 Mr. Boman Moradian, Independent Director
 Mr. Mukund Chitale, Independent Director
-
3. Average net profit of the Company (Standalone) for preceding three financial years. ₹ 89,69,09,745
-
4. Prescribed CSR Expenditure spent (2% of the amount at Sr. 3 above). ₹ 1,79,38,195
-
5. Details of CSR spent during the financial year:
- Total amount spent for the financial year; ₹ 77,92,318
 - Amount unspent, if any; ₹ 1,01,45,877
 - Manner in which the amount spent during the financial year: Manner in which the amount is spent is detailed in the Annexure A.
-

ANNEXURE A TO REPORT ON CSR ACTIVITIES

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------|--|---|---|---|--|---|--|
| Sr No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken. | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementation agency |
| 1. | Expansion of activities and to support project for 24x7 Epilepsy care | Promoting Education | State: Maharashtra Dist. Mumbai | 11,00,000 | 11,00,000 | 11,00,000 | Implementing Agency -Epilepsy Foundation |
| 2. | Promoting education by providing benches and improving sanitation facilities by providing toilets to various schools in the vicinity of units of the Company | Promoting Education & Health Care | State: Maharashtra Dist. Thane | 21,00,000 | 21,00,000 | 32,00,000 | Implementing Agency -Vidya Vikas Mandal |
| 3. | Improving sanitation facilities by providing toilets to various schools | Promoting Health care | State: Maharashtra Dist. Wada | 17,16,920 | 17,16,920 | 49,16,920 | Direct project |
| 4. | Promoting education by contributing class room and other facilities in rural area. | Promoting Education | State: Himachal Pradesh Dist. Solan | 8,00,000 | 8,00,000 | 57,16,920 | Direct project |
| 5. | Ensuring Environmental Sustainability by Plantation of trees | Environmental Sustainability | State: Maharashtra Dist. Thane | 6,97,500 | 6,97,500 | 64,14,420 | Implementing Agency - Lahs Pratishtan |
| 6. | Contributed toward rural sports development | Promoting rural sports | State: Maharashtra Dist. Palghar | 5,00,000 | 5,00,000 | 69,14,420 | Direct project |
| 7. | Improve public issues such as education, rural development for upliftment of the Society. | Promoting Education & Rural development | State: West Bengal Dist. Kolkata | 3,00,000 | 3,00,000 | 72,14,420 | Implementing Agency - Padakshep |



| (1) Sr No. | (2) CSR project or activity identified | (3) Sector in which the project is covered | (4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken. | (5) Amount outlay (budget) project or programs wise | (6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: | (7) Cumulative expenditure up to the reporting period | (8) Amount spent Direct or through implementation agency |
|---------------|--|---|--|--|--|--|---|
| 8. | Promoting Health care | Promoting Health Care | State: Tamil Nadu Dist. Madurai | 2,50,000 | 2,50,000 | 74,64,420 | Direct program |
| 9. | Provide Water tanks to Village and to overcome various problems. | Promoting Health Care | State: Maharashtra Dist. Thane | 3,27,898 | 3,27,898 | 77,92,318 | Direct project |
| Total | | | | 77,92,318 | 77,92,318 | | |

The Company has already spent sizable amount towards various CSR activities during the year. The Company is evaluating more CSR programmes, activities and initiatives for further CSR spending. The Company couldn't spent towards due CSR amount keeping in view to make contribution to areas where it can make ample impact and would attempt to find out more areas in future where the spending would really make a difference. The Company is also in dialogue with some CSR agencies and NGOs for implementing of the Company's CSR policy over a period of time.

Epilepsy Foundation is a Non-profit organization established in year 2009 aimed to eradicate epilepsy from India. The organization is dedicated to cure and rehabilitate patients suffering from Epilepsy, spread awareness and educate people about Epilepsy.

Vidya Vikas Mandal was set up in 1961, the trust runs a school to provide development of society through proper education to the tribal people living in the village.

Lahs Pratishthan was established in year 2013 aims to facilitate the empowerment of women, girls, children and youth, helping in creating awareness and improving education, health and sanitation, Preserving and conserving the environment, through various programs like integrated village development program, rain water harvesting, Sustainable Agriculture.

PADAKSHEP is a non-profit organization and its primary focus is to provide education and upliftment of the rural areas in the two island of Sunderbans. They have also decided to lend stronger support to Vocational Training.

CSR Committee states that the CSR activities being undertaken / proposed will be implemented and monitored as per CSR Policy and is in compliance with CSR objectives and policy of the Company.

Boman Moradian
Independent Director
Member – CSR Committee

Ashok Goel
Chairman & Managing Director
Chairman – CSR Committee

26 April 2018, Mumbai

Annexure 4(a)

Particulars of Employees as per Section 197(12) of the Companies Act, 2013 read with the Rules relating thereto for the year ended on 31 March 2018
Top 10 employees in terms of remuneration drawn and employees in receipt of remuneration not less than ₹ 1.02 crores p.a.

| Sr. No. | Name | Designation Nature of Duties | Qualification | Age | Date of Joining | Remuneration Received (₹) | Experience (in years) | Particulars of last employment held- Organisation & Designation |
|---------|-------------------------|--|--|-----|--------------------|------------------------------|--------------------------|--|
| 1. | Ashok Goel | Chairman & M.D. | B. Com | 57 | 1-7-1988 | 7,26,51,113 | 36 | - |
| 2. | M R Ramasamy | Chief Operating Officer | BE, Exe. MBA | 60 | 9-3-1985 | 2,55,30,001 | 36 | Venlon Polyester Ltd., Project Engineer |
| 3. | A V Ganapathy | Chief Financial Officer | ACA, ACS & AICWA | 59 | 11-6-2007 | 2,12,53,767 | 35 | Unilever Srilanka Ltd., Commercial Director |
| 4. | Dileep Joshi | Director - Human Capital | Post-Graduation in Management (HR) | 53 | 12-10-2009 | 1,55,52,003 | 29 | Essar Shipping Ports & Logistics Ltd., Head HR - ESPL Business Group |
| 5. | Roy Joseph | Regional Vice President- AMESA Region | Masters in Management, BE | 49 | 2-11-2011 | 1,16,01,483 | 30 | Avery Dennison India Ltd; Country General Manager India |
| 6. | Prakash Dharmani | Chief Information Officer | BE (Chemical), Executive MBA | 47 | 24-09-2012 | 1,04,63,613 | 26 | Essar Power Ltd., VP CIO |
| 7. | Vinay Mokashi | Finance Controller | AICWA & ACS | 59 | 01-03-1997 | 76,64,765 | 38 | Coral Cosmetics Ltd - Finance Manager & Company Secretary |
| 8. | Ashok Kumar Vashisht | Regional Finance Controller - AMESA Region | FCMA (ICAI), FCMA (CIMA, UK), CGMA (UK & US), FCPA (Australia), DIP IFR (ACC, UK), CS, B.Com | 47 | 26-03-2013 | 64,48,969 | 25 | SMA Solar India Pvt. Ltd, Head - Finance and compliance. Glaxosmithkline Consumer Healthcare Ltd, Sr. Manager - Finance & IT |
| 9. | Amit Jain | Head Treasury | ACA | 45 | 26-10-2012 | 64,54,757 | 23 | Cadila Pharmaceuticals Ltd. General Manager |
| 10. | Deepak Ganjoo | Head - Sales & Key Accounts | Bachelor of Engineering (B.E.) | 43 | 01-07-2005 | 59,74,985 | 23 | TVS Motors Ltd. - Asst. Manager - Operations. |

Employees employed for part of year and in receipt of remuneration of not less than ₹ 8.50 lakhs p.m.

| Sr. No. | Name | Designation Nature of Duties | Qualification | Age | Date of Joining | Remuneration Received (₹) | Experience (in years) | Particulars of last employment held- Organisation & Designation |
|---------|------|---------------------------------|---------------|-----|--------------------|------------------------------|--------------------------|--|
| - | - | - | - | - | - | - | - | - |

Notes:

1. Remuneration consists of salary, variable pay, allowances and perquisites as computed under the Income Tax Act, 1961.
2. Above employees are in full time employment with the Company and the same can be terminable by notice on either side and are governed as per the terms of respective appointment and/or rules/policies of the Company.
3. Except for Mr. Ashok Goel, none of the employees mentioned above is related to any Director of the Company.

For and on behalf of the Board
Essel Propack Limited

Ashok Goel
 Chairman & Managing Director

26 April 2018. Mumbai



Annexure 4(b)

The information on remuneration and other matters as required by sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is set out in table below:

| Sr. No. | Name of Director-KMP and Designation | % increase in remuneration in the FY 2017-18 | Ratio of remuneration of each Director to median remuneration of employees |
|---------|--|--|--|
| 1. | Mr Ashok Goel - Chairman & Managing Director | Nil | 276 |
| 2. | Mr Atul Goel - Director | Nil | N.A. |
| 3. | Mr Mukund Chitale - Independent Director | Nil | 6 |
| 4. | Mr Boman Moradian - Independent Director | Nil | 6 |
| 5. | Ms Radhika Pereira - Independent Director | Nil | 6 |
| 6. | Mr A V Ganapathy - Chief Financial Officer | 6.3% | N.A. |
| 7. | Mr Suresh Savaliya - Head- Legal & Company Secretary | 7.32% | N.A. |

| Sr. | Requirements | Disclosure |
|-----|---|---|
| 1. | The Percentage increase in the median remuneration of employees in the financial year. | Increase in median remuneration in the financial year under review was approx 7.25% as compared of the immediate preceding financial years Median remuneration for the year under review is approx ₹ 2.31 lakhs |
| 2. | The Number of permanent employees on the rolls of the Company | 1163 employees on payroll as on 31 March 2018. |
| 3. | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | There was no exceptional circumstance for increase for managerial personnel in the last financial year. The average percentile increase and policy was same for managerial personnel and all the other employees. |
| 4. | Affirmation that the remuneration is as per the remuneration policy of the Company. | Yes, the remuneration is as per the remuneration policy of the Company. |

For and on behalf of the Board
Essel Propack Limited

26 April 2018. Mumbai

Ashok Goel
 Chairman & Managing Director

Annexure 5

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

The Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31 March 2018 is given here below and forms part of the Board's Report.

A. CONSERVATION OF ENERGY

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

Your Company is committed to reduce energy consumption at its various plants. Besides sustaining past initiatives, new measures were implemented during the year. Gist of initiatives taken in this regard is as under.

- Improved chiller efficiency at Vasind unit from 60 to 80 %. This has resulted in using of 2 chiller in place of 3 earlier. With this power consumption of 40000 units per month.
- At Goa unit, LSL 15 TET Submersible hydraulic pump replaced with lower HP motor coupled with Geared pump to give savings of approx 4500KWH/ month.
- Installed active harmonic filter with APFC panel for printing plant to resolve issue of low PF. Last 10 months PF is Unity. Same has helped us for reduction in Maximum demand.
- Optimization of Compressed Air by arresting leakages. Air audit was done & points were closed accordingly. Has resulted in approx savings of 3000 KWH/month.
- Primary chilled water circulation pump optimized for head by replacing with a smaller capacity multi stage Grundfoss pump. Achieved savings of approx 2500 KWH/ month
- Condenser cooling water pump optimized for head by replacing with a smaller capacity multistage Grundfoss pump. Achieved savings of approx 3500 KWH/month.
- At Nalagarh unit, energy efficient air cooling system installed for plant which has reduced power consumption by 2000 units per day.

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

- We are exploring the possibility of installing solar power panels at Bhilad unit and other units wherever it will be feasible.

(c) The capital investment on energy conservation equipment:

- New HVAC system at Nalagarh unit: ₹ 77 lakhs.
- AMS conversion for HSL1: ₹ 11 lakhs.

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

- a) Worked with a global polymer manufacturer and co-developed a special grade of polymer that has higher mechanical strength, higher chemical product resistance and run at higher tube line speed.
- b) Worked with Second global polymer manufacturer and co-developed a special grade of grafted polymer that enhances interlayer adhesion between various polar and non-polar substrates during lamination.
- c) Worked with multiple technology partners in Europe and America for joint research and co-developed a particular set of machinery that can separate polymer from aluminum based multilayer laminate. Process of liberation does not require any heat or chemical. Moreover the process is extremely environment friendly.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution.

- a) Commercialized a laminate called 'Super Titanium' and being used for Oral, care category but has great potential to go for Home, Food and Oxygen sensitive product formulation.
- b) With the help of newly developed Grafted polymer, it is now possible predict improved and consistence interlayer bond between various multilayer substrates.



- c) Process of liberation between Metal foil and Plastic have been demonstrated positively and set of machinery with auxiliaries have been ordered for full scale commercial production.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Nil

(iv) Details of expenditure on Research and Development during the year under review is as under:

(₹ In lakhs)

| | |
|---|--------|
| a) Capital | 0 |
| b) Recurring | 532.10 |
| c) Total expenditure | 532.10 |
| d) Total expenditure as a % of total turnover | 0.62% |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In million)

| Particular | Year 2017-18 | Year 2016-17 |
|-------------------------------|-----------------|-----------------|
| Foreign Exchange earned | 1225.71 | 1190.86 |
| Foreign Exchange used / outgo | 2186.98 | 2845.60 |

For and on behalf of the Board
Essel Propack Limited

Ashok Goel

Chairman & Managing Director

26 April 2018. Mumbai

Annexure 6

Form No. MGT 9

EXTRACT OF ANNUAL RETURN As on financial year ended on 31 March 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 AND OTHER DETAILS

| | | |
|----|---|---|
| 1. | CIN | L74950MH1982PLC028947 |
| 2. | Registration Date | 22 December 1982 |
| 3. | Name of the Company | Essel Propack Limited |
| 4. | Category of the Company/ Sub-Category of the Company | Company limited by shares Indian Non-Government Company |
| 5. | Address of the Registered office and contact details | P.O.Vasind, Taluka Shahapur, District - Thane, Maharashtra - 421604, India, Tel.: +91 9673333971 |
| 6. | Whether listed Company | Yes, Listed on BSE Limited & National Stock Exchange of India Limited. |
| 7. | Name, address and contact details of Registrar and Transfer Agent | Bigshare Services Private Limited, E2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400072. Maharashtra India. Tel No. 022 62638200, Fax: 022 62638299. |

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:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the product/ service | % total turnover of the company |
|---------|---|----------------------------------|---------------------------------|
| 1. | Sale of collapsible Laminated/Plastic tubes (Multi-layer collapsible tubes and laminates) | 3131, 22201 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|----------------------------|---|--------------------|--------------------------------|------------------|--------------------|
| DIRECT SUBSIDIARIES | | | | | |
| 1. | Lamitube Technologies Limited, Mauritius 2 nd Floor, Hennessy Tower, Suite 205, Pope Hennessy Street, Republic of Mauritius | Foreign Subsidiary | Wholly owned Subsidiary | 100 | 2(87) |
| 2. | Lamitube Technologies (Cyprus) Limited, Cyprus Totalserve House, 17, Gr., Xenopoulou Street, 3106, Limassol, Cyprus | Foreign Subsidiary | Wholly owned Subsidiary | 100 | 2(87) |
| 3. | Arista Tubes Inc.^, USA 187 Cane Creek Blvd, Danville, VA - 24540 | Foreign Subsidiary | Wholly owned Subsidiary | 100 | 2(87) |



| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|-------------------------------|--|--------------------|--------------------------------|------------------|--------------------|
| STEP DOWN SUBSIDIARIES | | | | | |
| 1. | Essel Propack America LLC, USA, 187 Cane Creek Blvd, Danville, VA – 24540. | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 2. | The Egyptian Indian Company for Modern Packaging S.A.E.^ Egypt, 10th of Ramadan City, Industrial Zone, A2, PLOT 7/2 AT 61 KMS Ismailia Road, Egypt | Foreign Subsidiary | Subsidiary | 75 | 2(87) |
| 3. | Essel Packaging (Guangzhou) Limited, China No. 9, Yongshun Avenue, M., Yonghe Zone, GETDD, Guangzhou P.R.China | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 4. | Essel Propack Philippines, Inc., Philippines Building 11, Phase II, Vita Comp, 108 Marcos Alvarez Avenue, Bo. Talon 1 Las Pinas City, 1747, Philippines | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 5. | Essel de Mexico, S.A. de C.V., Mexico, Carretera Tepetzotlan-LA Aurora KM.1, Ex-Hacienda San Miguel Cuautitlan Izcalli Estado De Mexico, Mexico C.P. 54715 | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 6. | MTL de Panama S.A., Panama Apartado 8629, Panama 5, Republique De Panama | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 7. | Arista Tubes Limited, United Kingdom Castle Court, 41 London Road, Reigate, Surrey, RH2 9RJ | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 8. | Essel Propack UK Limited Castle Court, 41 London Road, Reigate, Surrey, RH2 9RJ | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 9. | Tubopack de Colombia S.A., Colombia, Calle 13A No, 100-35 of 806, Call Planta: Parque ind El Paraiso Bod 4 Mza, B Santander De Quilichao, Colombia | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 10. | Lamitube Hong Kong Trading Company Limited^^ Unit No 1601, 16th Floor, Comweb Plaza, 12 Cheung Yue Street, Lai Chi Kok, Kowloon, Hong Kong | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 11. | Essel Propack LLC, Russia Ul., Shosseinaya, 40, Malakhovka – 2, Luberetsky Raion, Moskovskaya Oblast – 140032, Russian Federation | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 12. | Essel Packaging (Jiangsu) Limited, China No.9, Changsheng Road Yang round development zone, Xinzhuang village, Changshu city, Jiangsu province, China | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 13. | Essel Propack MISR for Advanced Packaging (S.A.E.), Egypt, Plot No 6 & 7, Block – 12016, 1st Industrial Estate, El Obour City, Egypt | Foreign Subsidiary | Subsidiary | 75 | 2(87) |
| 14. | Essel Propack Polska Sp. Z.O.O., Poland ul. Mahatmy Gandhiego 1 66-300 Międzyrzecz, Poland | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 15. | Essel Colombia S.A.S. Via Cali-Santander de Quilichao, KM 24, Parque Industrial Parque Sur. Villa Rica, Columbia | Foreign Subsidiary | Subsidiary | 100 | 2(87) |

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|-------------------------------|--|-----------------------|--------------------------------|------------------|--------------------|
| 16. | Essel Deutschland Gmbh & Co. KG, Dresden, Germany. Manfred-von-Ardenne-Ring 10, 01099 Dresden, Germany Handelsregister: Amtsgericht Dresden, HRA 5605 | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| 17. | Essel Deutschland Management GmbH, Germany Manfred-von-Ardenne-Ring 10, 01099 Dresden, Germany Handelsregister: Amtsgericht Dresden, HRA 5605. | Foreign Subsidiary | Subsidiary | 100 | 2(87) |
| ASSOCIATE COMPANY / JV | | | | | |
| 1. | P.T Lamipak Primula, Indonesia, Jl, Sawunggaling No 26, Gilang, Taman, Sidoarjo, Indonesia. | Foreign entity | Associate | 30 | 2(6) |

^ Balance 7.35% of Arista Inc, USA is held by Lamitube Technologies (Cyprus) Limited.

^^ Subsidiary is liquidated / closed w.e.f. 11 February 2018.

^^^Lamitube Hong Kong Trading Company Limited, subsidiary of Lamitube Technologies Limited, Mauritius (closed/ deregistered/ windup during the year).



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

i) Category-wise Share Holding

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year | |
|--|---|----------|--------------|---------|---|----------|--------------|---------|--------------------------|--|
| | Demat | Physical | Total Shares | Total % | Demat | Physical | Total Shares | Total % | | |
| (A) Shareholding of Promoter and Promoter Group | | | | | | | | | | |
| Indian | | | | | | | | | | |
| (a) INDIVIDUAL / HUF | 434750 | 0 | 434750 | 0.28 | 434750 | 0 | 434750 | 0.28 | (0.00) | |
| (b) CENTRAL / STATE GOVERNMENT(S) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (c) BODIES CORPORATE | 114229 | 0 | 114229 | 0.07 | 114229 | 0 | 114229 | 0.07 | (0.00) | |
| (d) FINANCIAL INSTITUTIONS / BANKS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (e) ANY OTHERS (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (i) TRUST | 89139014 | 0 | 89139014 | 56.72 | 89339014 | 0 | 89339014 | 56.84 | 0.12 | |
| (ii) GROUP COMPANIES | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (iii) DIRECTORS RELATIVES | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| SUB TOTAL (A)(1) : | 89687993 | 0 | 89687993 | 57.07 | 89887993 | 0 | 89887993 | 57.19 | 0.12 | |
| Foreign | | | | | | | | | | |
| (a) BODIES CORPORATE | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (b) INDIVIDUAL | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (c) INSTITUTIONS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (d) QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (e) ANY OTHERS (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| SUB TOTAL (A)(2) : | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| Total holding for promoters | | | | | | | | | | |
| (A)=(A)(1) + (A)(2) | 89687993 | 0 | 89687993 | 57.07 | 89887993 | 0 | 89887993 | 57.19 | 0.12 | |
| (B) Public shareholding | | | | | | | | | | |
| Institutions | | | | | | | | | | |
| (a) CENTRAL / STATE GOVERNMENT(S) | 0 | 0 | 0 | 0.00 | 222962 | 0 | 222962 | 0.14 | 0.14 | |
| (b) FINANCIAL INSTITUTIONS / BANKS | 67922 | 2802 | 70724 | 0.05 | 69780 | 2 | 69782 | 0.04 | (0.00) | |
| (c) MUTUAL FUNDS / UTI | 5958515 | 20770 | 5979285 | 3.80 | 5628951 | 75 | 5629026 | 3.58 | (0.22) | |
| (d) VENTURE CAPITAL FUNDS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (e) INSURANCE COMPANIES | 1655970 | 0 | 1655970 | 1.05 | 1655970 | 0 | 1655970 | 1.05 | (0.00) | |
| (f) FII'S/FPI'S | 22550814 | 2000 | 22552814 | 14.35 | 24188633 | 1200 | 24189833 | 15.39 | 1.04 | |
| (g) FOREIGN VENTURE CAPITAL INVESTORS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (h) QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (i) ANY OTHERS (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | |
| (j) ALTERNATE INVESTMENT FUND | 0 | 0 | 0 | 0.00 | 516268 | 0 | 516268 | 0.33 | 0.33 | |
| SUB TOTAL (B)(1) : | 30233221 | 25572 | 30258793 | 19.25 | 32282564 | 1277 | 32283841 | 20.54 | 1.29 | |

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|--------------|---------|---|----------|--------------|---------|--------------------------|
| | Demat | Physical | Total Shares | Total % | Demat | Physical | Total Shares | Total % | |
| NON-INSTITUTIONS | | | | | | | | | |
| (a) BODIES CORPORATE | 17826220 | 136572 | 17962792 | 11.43 | 17745573 | 3319 | 17748892 | 11.29 | (0.14) |
| (b) CLEARING MEMBER | 138103 | 0 | 138103 | 0.09 | 56891 | 0 | 56891 | 0.04 | (0.05) |
| (c) INDIVIDUAL | | | | | | | | | |
| (CAPITAL UPTO TO ₹ 1 LAKH) | 11153104 | 1416814 | 12569918 | 8.00 | 10121772 | 1147583 | 11269355 | 7.17 | (0.83) |
| (CAPITAL GREATER THAN ₹ 1 LAKH) | 5322946 | 57120 | 5380066 | 3.42 | 4873724 | 0 | 4873724 | 3.10 | (0.32) |
| (d) ANY OTHERS (Specify) | | | | | | | | | |
| (i) TRUSTS | 21058 | 0 | 21058 | 0.01 | 25860 | 0 | 25860 | 0.02 | 0.00 |
| (ii) NON-RESIDENT INDIANS (NRI)/ FOREIGN INDIVIDUALS | 916292 | 222663 | 1138955 | 0.72 | 854462 | 180506 | 1034968 | 0.66 | (0.07) |
| (iii) DIRECTORS RELATIVES | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (iv) EMPLOYEE | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (v) OVERSEAS BODIES CORPORATES | 0 | 940 | 940 | 0.00 | 0 | 140 | 140 | 0.00 | 0.00 |
| (e) QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (B)(2) : | 35377723 | 1834109 | 37211832 | 23.68 | 33678282 | 1331548 | 35009830 | 22.27 | (1.40) |
| TOTAL PUBLIC SHAREHOLDING | | | | | | | | | |
| (B)=(B)(1) + (B)(2) | 65610944 | 1859681 | 67470625 | 42.93 | 65960846 | 1332825 | 67293671 | 42.81 | (0.12) |
| (C) Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | | | |
| (a) SHARES HELD BY CUSTODIANS | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) PROMOTER AND PROMOTER GROUP | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) PUBLIC | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (C)(1) : | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (C)=(C)(1) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| GRAND TOTAL (A) + (B) + (C) | 155298937 | 1859681 | 157158618 | 100.00 | 155848839 | 1332825 | 157181664 | 100.00 | (0.00) |

57,120 equity shares of face value ₹ 2/- each forfeited by the Board of Directors of the Company in its' meeting held on 29.01.2015.



ii) Shareholding of Promoters

| Sr No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of 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 | % change in share holding during the year |
| PROMOTERS -INDIVIDUALS | | | | | | | | |
| 1. | Ashok Kumar Goel | 420760 | 0.27 | 0 | 423760 | 0.27 | 0 | 0.00 |
| 2. | Kavita Goel | 10990 | 0.01 | 0 | 10990 | 0.01 | 0 | 0.00 |
| 3. | Nand Kishore | 3000 | 0.00 | 0 | 0 | 0 | 0 | 0.00 |
| | Total | 434750 | 0.28 | 0 | 434750 | 0.28 | 0 | 0.00 |
| PROMOTERS -DOMESTIC COMPANIES | | | | | | | | |
| 1. | Ganjam Trading Company Private Limited | 100 | 0.00 | 0 | 100 | 0.00 | 0 | 0.00 |
| 2. | Rupee Finance And Management Private Limited | 88929 | 0.06 | 0 | 88929 | 0.06 | 0 | 0.00 |
| 3. | Pan India Paryatan Private Limited | 25200 | 0.02 | 0 | 25200 | 0.02 | 0 | 0.00 |
| | Total | 114229 | 0.07 | 0 | 114229 | 0.07 | 0 | 0.00 |
| PROMOTERS - TRUSTS | | | | | | | | |
| 1 | Ashok Kumar Goel (Trustee- Ashok Goel Trust) | 89139014 | 56.72 | 0 | 89339014 | 56.84 | 0 | 0.12 |
| | Total | 89139014 | 56.72 | 0 | 89339014 | 56.84 | 0 | 0.12 |

(iii) Change in Promoters' Shareholding (please specify if there is no change)

| Sr. No. | Name of the Shareholder | Shareholding | | Date wise Increase/ Decrease in Shareholding during the year | No. of Shares | Reason | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|--|---------------|--------------------|---|----------------------------------|
| | | No. of Shares at the beginning of the year (01.04.2017) | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1 | Ashok Kumar Goel (Trustee : Ashok Goel Trust) | 89139014 | 56.72 | 01.09.2017 | 1,34,004 | Market Acquisition | 89273018 | 56.77 |
| | | | | 08.09.2017 | 65,996 | Market Acquisition | 89339014 | 56.81 |
| | | | | 31.03.2018 | 0 | 0 | 89139014 | 56.84 |
| 2 | Ashok Kumar Goel | 420760 | 0.27 | 21.07.2017 | 3,000 | Inter se transfer | 423760 | 0.27 |
| | | | | 31.03.2018 | 0 | 0 | 423760 | 0.27 |
| 3 | Nand Kishore | 3000 | 0.00 | 21.07.2017 | 3,000 | Inter se transfer | 0 | 0 |
| | | | | 31.03.2018 | 0 | 0 | 0 | 0 |

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

| Sr. No. | Name of the Shareholder | No. of Shares at the beginning /End of the year | Date | Increase/ Decrease in share-holding | Reason | Number of Shares | Percentage of total shares of the company | | |
|---------|--|---|--------------------------------------|-------------------------------------|-----------|------------------|---|---------|------|
| 1 | NTASAIN DISCOVERY MASTER FUND | 4,104,664 | 31-Mar-17 | 0 | | 4104664 | 2.61 | | |
| | | | 7-Apr-17 | 164000 | BUY | 4268664 | 2.72 | | |
| | | | 14-Apr-17 | 25000 | BUY | 4293664 | 2.73 | | |
| | | | 28-Apr-17 | 144000 | BUY | 4437664 | 2.82 | | |
| | | | 5-May-17 | 90000 | BUY | 4527664 | 2.88 | | |
| | | | 12-May-17 | 487000 | BUY | 5014664 | 3.19 | | |
| | | | 26-May-17 | 49319 | BUY | 5063983 | 3.22 | | |
| | | | 9-Jun-17 | 43000 | BUY | 5106983 | 3.25 | | |
| | | | 16-Jun-17 | 62000 | BUY | 5168983 | 3.29 | | |
| | | | 23-Jun-17 | 99300 | BUY | 5268283 | 3.35 | | |
| | | 5,268,283 | 31-Mar-18 | 0 | | 5268283 | 3.35 | | |
| 2 | CLAREVILLE CAPITAL OPPORTUNITIES MASTER FUND LIMITED | 4,786,948 | 31-Mar-17 | 0 | | 4786948 | 3.05 | | |
| | | 4,786,948 | 31-Mar-18 | 0 | | 4786948 | 3.05 | | |
| 3 | GAGANDEEP CREDIT CAPITAL PVT LTD | 3,476,686 | 31-Mar-17 | 0 | | 3476686 | 2.21 | | |
| | | 3,476,686 | 31-Mar-18 | 0 | | 3476686 | 2.21 | | |
| 4 | GOVERNMENT PENSION FUND GLOBAL | 777,416 | 31-Mar-17 | 0 | | 777416 | 0.49 | | |
| | | | 7-Apr-17 | 210848 | BUY | 988264 | 0.63 | | |
| | | | 21-Apr-17 | 15407 | BUY | 1003671 | 0.64 | | |
| | | | 19-May-17 | 96142 | BUY | 1099813 | 0.70 | | |
| | | | 28-Jul-17 | 3973 | BUY | 1103786 | 0.70 | | |
| | | | 25-Aug-17 | 712046 | BUY | 1815832 | 1.16 | | |
| | | | 1-Sep-17 | 53285 | BUY | 1869117 | 1.19 | | |
| | | | 15-Sep-17 | 40070 | BUY | 1909187 | 1.21 | | |
| | | | 22-Sep-17 | 217400 | BUY | 2126587 | 1.35 | | |
| | | | 9-Feb-18 | 82000 | BUY | 2208587 | 1.41 | | |
| | | | 16-Feb-18 | 547705 | BUY | 2756292 | 1.75 | | |
| | | | | 2,756,292 | 31-Mar-18 | 0 | | 2756292 | 1.75 |
| | | 5 | FIDELITY ACTIVE STRATEGY - ASIA FUND | 639,814 | 31-Mar-17 | 0 | | 639814 | 0.41 |
| | 28-Apr-17 | | | 34760 | BUY | 674574 | 0.43 | | |
| | 26-May-17 | | | 34150 | BUY | 708724 | 0.45 | | |
| | 9-Jun-17 | | | 35461 | BUY | 744185 | 0.47 | | |
| | 23-Jun-17 | | | 54806 | BUY | 798991 | 0.51 | | |
| | 12-Jul-17 | | | 7390 | BUY | 806381 | 0.51 | | |



| Sr. No. | Name of the Shareholder | No. of Shares at the beginning /End of the year | Date | Increase/ Decrease in share-holding | Reason | Number of Shares | Percentage of total shares of the company |
|---------|-------------------------|---|-----------|-------------------------------------|--------|------------------|---|
| | | | 14-Jul-17 | 2165 | BUY | 808546 | 0.51 |
| | | | 21-Jul-17 | 36442 | BUY | 844988 | 0.54 |
| | | | 15-Sep-17 | 73171 | BUY | 918159 | 0.58 |
| | | | 28-Sep-17 | 18147 | BUY | 936306 | 0.60 |
| | | | 29-Sep-17 | 1332 | BUY | 937638 | 0.60 |
| | | | 6-Oct-17 | 7261 | BUY | 944899 | 0.60 |
| | | | 13-Oct-17 | 28828 | BUY | 973727 | 0.62 |
| | | | 20-Oct-17 | 23124 | BUY | 996851 | 0.63 |
| | | | 27-Oct-17 | 63409 | BUY | 1060260 | 0.67 |
| | | | 31-Oct-17 | 7548 | BUY | 1067808 | 0.68 |
| | | | 3-Nov-17 | 280011 | BUY | 1347819 | 0.86 |
| | | | 10-Nov-17 | 182784 | BUY | 1530603 | 0.97 |
| | | | 17-Nov-17 | 128024 | BUY | 1658627 | 1.06 |
| | | | 24-Nov-17 | 64374 | BUY | 1723001 | 1.10 |
| | | | 1-Dec-17 | -39598 | SALE | 1683403 | 1.07 |
| | | | 8-Dec-17 | 34541 | BUY | 1717944 | 1.09 |
| | | | 29-Dec-17 | -33558 | SALE | 1684386 | 1.07 |
| | | | 12-Jan-18 | -49021 | SALE | 1635365 | 1.04 |
| | | | 26-Jan-18 | 102901 | BUY | 1738266 | 1.11 |
| | | | 2-Feb-18 | 72665 | BUY | 1810931 | 1.15 |
| | | | 9-Feb-18 | 38251 | BUY | 1849182 | 1.18 |
| | | | 16-Feb-18 | -7105 | SALE | 1842077 | 1.17 |
| | | | 23-Feb-18 | 136116 | BUY | 1978193 | 1.26 |
| | | | 9-Mar-18 | 213480 | BUY | 2191673 | 1.39 |
| | | | 23-Mar-18 | 159648 | BUY | 2351321 | 1.50 |
| | | | 30-Mar-18 | -24506 | SALE | 2326815 | 1.48 |
| | | 2,326,815 | 31-Mar-18 | 0 | | 2326815 | 1.48 |
| 6 | WARBURG VALUE FUND | 2,212,890 | 31-Mar-17 | 0 | | 2212890 | 1.41 |
| | | | 28-Apr-17 | -136151 | SALE | 2076739 | 1.32 |
| | | | 5-May-17 | -107505 | SALE | 1969234 | 1.25 |
| | | | 12-May-17 | -69234 | SALE | 1900000 | 1.21 |
| | | | 2-Jun-17 | -37300 | SALE | 1862700 | 1.19 |
| | | | 9-Jun-17 | -62700 | SALE | 1800000 | 1.15 |
| | | | 16-Jun-17 | -16046 | SALE | 1783954 | 1.14 |
| | | | 23-Jun-17 | -55252 | SALE | 1728702 | 1.10 |
| | | | 4-Aug-17 | -1118 | SALE | 1727584 | 1.10 |
| | | | 11-Aug-17 | -925 | SALE | 1726659 | 1.10 |
| | | | 18-Aug-17 | -21645 | SALE | 1705014 | 1.08 |
| | | | 25-Aug-17 | -64453 | SALE | 1640561 | 1.04 |
| | | | 1-Sep-17 | -98155 | SALE | 1542406 | 0.98 |
| | | | 8-Sep-17 | -75444 | SALE | 1466962 | 0.93 |
| | | | 15-Sep-17 | -61778 | SALE | 1405184 | 0.89 |
| | | | 22-Sep-17 | -44940 | SALE | 1360244 | 0.87 |

| Sr. No. | Name of the Shareholder | No. of Shares at the beginning /End of the year | Date | Increase/ Decrease in share-holding | Reason | Number of Shares | Percentage of total shares of the company |
|---------|---------------------------------------|---|-----------|-------------------------------------|--------|------------------|---|
| | | | 28-Sep-17 | -1340 | SALE | 1358904 | 0.86 |
| | | | 6-Oct-17 | -8904 | SALE | 1350000 | 0.86 |
| | | | 10-Nov-17 | -200000 | SALE | 1150000 | 0.73 |
| | | | 24-Nov-17 | -8852 | SALE | 1141148 | 0.73 |
| | | | 1-Dec-17 | -567 | SALE | 1140581 | 0.73 |
| | | | 23-Feb-18 | -12128 | SALE | 1128453 | 0.72 |
| | | 1,128,453 | 31-Mar-18 | 0 | | 1128453 | 0.72 |
| 7 | DSP BLACKROCK SMALL CAP FUND | 2,086,694 | 31-Mar-17 | 0 | | 2086694 | 1.33 |
| | | | 28-Apr-17 | 6155 | BUY | 2092849 | 1.33 |
| | | 2,092,849 | 31-Mar-18 | 0 | | 2092849 | 1.33 |
| 8 | SHAMYAK INVESTMENT PRIVATE LIMITED | 2,076,329 | 31-Mar-17 | 0 | | 2076329 | 1.32 |
| | | 2,076,329 | 31-Mar-18 | 0 | | 2076329 | 1.32 |
| 9 | UTI - CHILDRENS CAREER BALANCED PLAN | 1,900,000 | 31-Mar-17 | 0 | | 1900000 | 1.21 |
| | | | 24-Nov-17 | -50000 | SALE | 1850000 | 1.18 |
| | | | 1-Dec-17 | -2492 | SALE | 1847508 | 1.18 |
| | | | 8-Dec-17 | -36498 | SALE | 1811010 | 1.15 |
| | | | 15-Dec-17 | -73555 | SALE | 1737455 | 1.11 |
| | | | 5-Jan-18 | -40000 | SALE | 1697455 | 1.08 |
| | | | 26-Jan-18 | -19692 | SALE | 1677763 | 1.07 |
| | | | 2-Feb-18 | -69327 | SALE | 1608436 | 1.02 |
| | | | 16-Mar-18 | -5625 | SALE | 1602811 | 1.02 |
| | | 1,602,811 | 31-Mar-18 | 0 | | 1602811 | 1.02 |
| 10 | VEENA INVESTMENTS PRIVATE LIMITED | 1,884,255 | 31-Mar-17 | 0 | | 1884255 | 1.20 |
| | | 1,884,255 | 31-Mar-18 | 0 | | 1884255 | 1.20 |
| 11 | LAXMI NARAIN GOEL | 1,884,255 | 31-Mar-17 | 0 | | 1884255 | 1.20 |
| | | | 20-Oct-17 | -84255 | SALE | 1800000 | 1.15 |
| | | | 31-Mar-18 | 255 | BUY | 1800255 | 1.15 |
| | | 1,800,255 | 31-Mar-18 | 0 | | 1800255 | 1.15 |
| 12 | FRANKLIN INDIA SMALLER COMPANIES FUND | 1,655,431 | 31-Mar-17 | 0 | | 1655431 | 1.05 |
| | | | 7-Jul-17 | 14007 | BUY | 1669438 | 1.06 |
| | | | 12-Jul-17 | 52342 | BUY | 1721780 | 1.10 |
| | | | 14-Jul-17 | 41604 | BUY | 1763384 | 1.12 |
| | | | 21-Jul-17 | 12096 | BUY | 1775480 | 1.13 |
| | | | 28-Jul-17 | 42662 | BUY | 1818142 | 1.16 |
| | | | 4-Aug-17 | 12097 | BUY | 1830239 | 1.16 |
| | | | 11-Aug-17 | 1378 | BUY | 1831617 | 1.17 |



| Sr. No. | Name of the Shareholder | No. of Shares at the beginning /End of the year | Date | Increase/ Decrease in share-holding | Reason | Number of Shares | Percentage of total shares of the company |
|---------|-----------------------------------|---|-----------|-------------------------------------|--------|------------------|---|
| | | | 18-Aug-17 | 19484 | BUY | 1851101 | 1.18 |
| | | 1,851,101 | 31-Mar-18 | 0 | | 1851101 | 1.18 |
| 13 | ZEE ENTERTAINMENT ENTERPRISES LTD | 1,822,000 | 31-Mar-17 | 0 | | 1822000 | 1.16 |
| | | 1,822,000 | 31-Mar-18 | 0 | | 1822000 | 1.16 |

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

| Sr. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of shares | % of total shares of the company |
| i) | At the beginning of the year | 420760 | 0.27 | 420760 | 0.27 |
| ii) | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/ sweat equity etc.): | | | | |
| | 21.07.2017 Inter se Transfer | 3000 | 0.02 | 423760 | 0.27 |
| iii) | At the end of the year | 423760 | 0.27 | 423760 | 0.27 |

V. INDEBTEDNESS

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

(₹ In lakhs)

| Particulars of Indebtedness | Secured Loans excluding deposits | Unsecured Loans | Deposit | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial Year | | | | |
| i) Principal Amount | 14,558 | 5,097 | - | 19,655 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 43 | 8 | - | 51 |
| Total (i+ii+iii) | 14,601 | 5,105 | - | 19,706 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | 509 | - | 509 |
| Reduction | (781) | - | - | (781) |
| Net Change | (781) | 509 | - | (272) |
| Indebtedness at the end of the financial Year | | | | |
| i) Principal Amount | 13,775 | 5,609 | - | 19,384 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 45 | 5 | - | 50 |
| Total (i+ii+iii) | 13,820 | 5,614 | - | 19,434 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager Mr. Ashok Goel Chairman & Managing Director | Total |
|---------|---|---|------------|
| 1 | Gross Salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 457 | 457 |
| | b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961 | 0 | 0 |
| | c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | | |
| | - as a % of profit | 153 | 153 |
| | - others (Variable Pay) | | |
| 5 | Others, please specify | 37 | 37 |
| | Provident fund, LTA and others | | |
| | Total | 647 | 647 |

Ceiling as per the Act: Total managerial remuneration is within the limit of 10% of the profit of the Company as per section 198 of the Companies Act 2013.

'0' zero denotes less than lakh.

B. Remuneration to other Directors:

(₹ In lakhs)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---------|---|-------------------|--------------------|-----------------------|---------------------|--------------|
| | | Mr Atul Goel | Mr. Boman Moradian | Mr. Mukund M. Chitale | Ms. Radhika Pereira | |
| 1. | Independent Directors | | | | | |
| | • Fee for attending board/committee meetings | - | 2.40 | 2.20 | 2.00 | 6.60 |
| | • Commission | - | 15.00 | 15.00 | 15.00 | 45.00 |
| | • Others, please specify | - | - | - | - | - |
| | Total (1) | - | 17.40 | 17.20 | 17.00 | 51.60 |
| | Other Non-Executive Directors | | | | | |
| | • Fees for attending board / committee meetings | - | - | - | - | - |
| | • Commission | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B) = (1+2) | - | 17.40 | 17.20 | 17.00 | 51.60 |
| | Total Managerial Remuneration | | | | | |

Overall Ceiling as per the above Commission is within the limit of 1% of the net profit of the Companies. Act



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

(₹ In lakhs)

| Sr. No. | Particulars of Remuneration | Name of Key Managerial Personnel | | |
|---------|--|----------------------------------|-------------------------|------------|
| | | Head - Legal & Company Secretary | Chief Financial Officer | Total |
| 1 | Gross Salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 42 | 204 | 246 |
| | b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961 | 0 | 0 | 0 |
| | c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961 | - | - | - |
| 2 | Stock Option | | | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | - |
| | - as a % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others (Provident fund, LTA, etc.) | 2 | 8 | 10 |
| | Total | 44 | 212 | 256 |

'0' zero denotes less than lakh

Above does not include variable pay/PLI for the FY 2017-18, since the appraisal is in process. KMPs are entitled to other benefits, facilities etc as per policy of the Company. ESOS entitlement is as per the Scheme and/or as may be approved by the Board / Committee time to time.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board
Essel Propack Limited

Ashok Goel

Chairman & Managing Director

26 April 2018, Mumbai

Annexure 7

Business Responsibility Reporting

[Pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- 1 Corporate Identity Number (CIN) of the Company: L74950MH1982PLC028947
- 2 Name of the Company: Essel Propack Limited
- 3 Registered address: P.O. Vasind, Taluka: Shahapur, District: Thane, Maharashtra 421604
- 4 Website: www.esselpropack.com
- 5 Email id: complianceofficer@ep.esselgroup.com
- 6 Financial Year Reported: 1 April 2017 to 31 March 2018
- 7 Sectors that the Company is engaged in (industrial activity code-wise): The Company is mainly engaged in the business of manufacturing of collapsible laminated and plastic tubes and providing packaging solutions. NIC Code 3131, 22201.
- 8 List three key products/services that the Company manufactures/provides (as in balance sheet): The Company is mainly engaged in the business of manufacturing of collapsible laminated and plastic tubes and providing packaging solutions. As a part of the said business, the Company also earns revenue from providing packaging solution, royalty and other ancillary services and business. Additional details are mentioned in the financial statements in this Annual Report.
- 9 Total number of locations where business activity is undertaken by the Company: the Company is having manufacturing facilities at Vasind, Wada in Maharashtra, Nalagarh in Himchal Pradesh, Bhilad in Gujarat and Goa.

Company's international business operations are carried out by various direct and indirect subsidiaries overseas and the major ones are in Mauritius, United Kingdom, China, Poland, Germany, Colombia, USA etc. Further details of the Subsidiaries are referred in the Board's Report, MDA and annexures thereto.
- 10 Markets served by the Company: The Company is in B2B business and serves various markets including FMCG, Beauty & Cosmetics, Pharma & Health, Food, Home and Oral.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Financial details including paid-up capital, turnover profit after tax and others are given in financial statement contained in this Annual Report.

- 1 Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%): During the year, the Company has spent amount towards various CSR activities as mentioned in detail in the CSR Report which forms a part of Board Report and this Annual Report.
- 2 List of activities in which expenditure in 4 above has been incurred: Please refer the report on CSR activities contained in this Annual Report.

SECTION C: OTHER DETAILS

- 1 Does the Company have any Subsidiary Company/ Companies?

The Company has various direct and indirect subsidiaries. Further details in this respect are mentioned in the Board's Report and MGT9 / annual return contained in this Annual Report.
- 2 Do the subsidiary companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary companies: No
- 3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] - No

SECTION D: BR INFORMATION

- 1 **Details of Directors/Directors responsible for BR**
 - a) Details of the Director/Directors responsible for implementation of the BR policy/policies.

Corporate Policies including the Business Responsibility Policies of the Company are engrained in day-to-day business operations of the Company are implemented by the management and it is responsibility of concerned functionary or head of the department incharge of the relevant functions at various offices / manufacturing facilities of the Company. Mr. Ashok Goel, Chairman and Managing Director of the Company oversees the implementation of the BR policies keeping in view the executives feedback and reporting.
 - b) Details of BR Head: Mr. Ashok Goel, Chairman & Managing Director, DIN 00025350, Tel: 022 24819000 / 9200, executive.assistant@ep.esselgroup.com.



2 Principle-wise (as per NVGS) BR Policy/policies

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

| Sr. | Questions | P1 Business ethics | P2 Product Respo. | P3 Emp. wellbeing | P4 Shareholders Eng. | P5 Human Rights | P6 Env. protection | P7 Pub. & regulatory | P8 CSR | P9 Customer relations |
|-----|---|--|-------------------------|-------------------------|----------------------------|-----------------------|--------------------------|----------------------------|-----------|-----------------------------|
| 1 | Do you have policy/policies for | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 3 | Does the policy conform to any national/international standards? If yes, specify? | NA | yes | NA | NA | yes | yes | NA | yes | NA |
| 4 | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director? | Most of the corporate policies are approved by the Board. Policies mainly relating to business process, operations, HR etc are reviewed / approved by COO/CFO/Director - Human Capital and signed / authenticated by respective owner or functional heads. | | | | | | | | |
| 5 | Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy? | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 6 | Indicate the link for the policy to be viewed online? | Most of the policies are disseminated for relevant stakeholders on the Company's website. Policies relating to HR and mean for internal use are available on internal web portal. | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant and external stakeholders? | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| 8 | Does the company have in-house structure to implement the policy/policies? | Policies are engrained in day-to-day business operations of the Company and are implemented by the concerned functionary or head of the department incharge of the relevant functions at various offices and level and monitored by the management. | | | | | | | | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies. | Yes. Wherever relevant, the Company has grievance redressal mechanism or practice. | | | | | | | | |
| 10 | Has the company carries out independent audit/evaluation of the working of this policy by an internal or external agency? | Policies are evaluated periodically or as may be appropriate depending upon the nature of policies by the MD, COO and/or respective senior executives. | | | | | | | | |

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why.

| Sr. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|---|--|----|----|----|----|----|----|----|----|
| 1 | The company has not understood the Principles | Within the overall guidance of the COO / MD and Board whenever it is necessary, the Corporate Policies are framed/modified from time to time. Policies or practices in connection with Business Operations and matter relating thereto been are followed over a period of time as per industry norms or best practices. The Company also follows the best practices in relation to some business areas and human capital, although no written policies. The Company will frame further policies, whenever the management thinks it relevant at appropriate time. | | | | | | | | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| | Any other reason (please specify) | | | | | | | | | |

3 Governance related to BR

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

The assessment of BR performance is done on periodically basis by the COO / MD or senior management of the Company.

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

The Company has started publishing BR report from financial year 2016-17 annually. The BR Reports is available on the Company's website www.esselpropack.com as a part of the annual report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Business should conduct and govern themselves with ethics, transparency and accountability.

- 1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company considers Corporate Governance as an integral part of management. The Company has a Code of Conduct that is approved by the Board of Directors and this code is applicable to all Board Members and employees and endeavor it to extend this code to its overseas group entities. The code is available on the Company's website www.esselpropack.com. The said Code includes; ethics at work place, restraining giving and receiving of gifts and other benefits in the course of business relationship, maintain confidentiality, anti-bribery policy, conflict of interest, dealing with competitors and other relevant aspects.

Though the Company's code of conduct currently do not apply to external stakeholders including suppliers, contractors, NGOs etc, the Company follows zero tolerance on any acts of bribery, corruption etc by such agencies during their dealings with the Company.

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

Details relating to complaints from investors during the financial years and redressal thereof is given in Corporate Governance Report contained in

this Annual Report. Additionally, the complaints, grievances or views from other stakeholders are dealt with by respective functions within the Company.

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

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

Essel Propack is committed to the Go Green Initiatives and focused on delivering sustainable solutions. The Company's businesses of manufacturing tubes are in compliance with applicable laws and rules relating to environments. The Company's invention towards 'Go Green - Green Maple Leaf (GML)' is a product with recyclable all plastic laminate, thus reducing its carbon foot print and making it extremely eco-friendly. GML supports and strengthen Essel's Go Green Initiatives, ensuring that we are leading the way in making meaningful contributions for a greener, better, healthier planet. GML tubes have the ability to retain their shape even after repeated use and product dispensation and are available in two specifications with custom theme printing. Setting a new curve in packaging innovation GML is aimed at markets demanding sustainability and replacing EVOH tubes as it has equivalent product stability and shelf life properties, excellent tube resilience and feel. Produced with fully recyclable thermoplastic polymers, GML helps customers and society to achieve their sustainability goal.

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

The Company is conscious about judicious use of water, energy and resources in course of production and manufacturing activities. Additional details relating to energy and others are given in the annexure to the Board Report contained in this Annual Report.

- 3 Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

The Company maintains a healthy relationship with its supplier, vendors and other service providers and the business practice of the Company include them in its growth. The process of vendor registration lays emphasis on safe working conditions, prevention of child labour, business ethics and general housekeeping by the vendor.



- 4 Has the company taken any steps to procure goods or services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company, wherever possible, procures goods and services from vendors in surrounding locality of manufacturing facilities including transportation and labours / staffs. Wherever possible, the Company prefers to support and encourage employment among communities surrounding its place of works.

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

Waste generated in course of manufacturing activities is not material. The Company disposes the waste through registered / appropriate agencies involved in proper disposal / recycling.

Essel is planning for a major step forward in its commitment to improve sustainability announced as Project "Liberty" which is a first-of-its-kind and path breaking attempt to recycle multilayer laminates which consists aluminium in the structure, by separating aluminium and polymer into two distinct and reusable streams without the use of chemicals or heat. With intent to help various stakeholders and green environment efforts, Essel has collaborated with multiple major technical partners across the globe and co-developed a solid-state environmental friendly process to liberate aluminum from the laminate/tubes. Essel uses two basic structures to make laminated tubes: (a) Plastic Barrier Laminate (PBL) tubes –made of all plastic layers and are easily recyclable and (b) Aluminum Barrier Laminate (ABL) tubes –made with combination of polymers and has aluminium foil as the barrier layer. ABL poses challenges in recycling and the company has been working relentlessly over 4 years on developing a solution to separate the polymer and aluminium. With Project 'Liberty' the polymer fraction can be recovered from ABL tubes and the same can be recycled to various packaging applications. The recovered aluminium metal also shall be reused, making every single tube recyclable.

Principle 3: Business should promote the well-being of all employees.

The Company's belief is that its personnel are its key success factor, and over a period of time the Company has initiated various policies and practices to improve

employees wellbeing and engagement. The Company has aspiration to offer fully integrated Human Resource Management System (HRMS). The Company has launched the ePrism –Human Resource Information System for employees. Amongst a few of many advantage, ePrism offers a single platform to employees to access, control, monitor entire lifecycle in EP – from hire to retire i.e. recruitment, selection, induction, learning & development, performance and reward, career movements and others.

- 1 Please indicate the total no. of employees: Details relating to employees are mentioned in MDA or Board Report contained in this Annual Report.
- 2 Please indicate the total number of employees hired on temporary/contractual/casual basis: 1421
- 3 Please indicate the Number of permanent women employee: 38
- 4 Please indicate the number of permanent employees with disabilities: 1
- 5 Do you have an employee association that is recognized by the management: No employees association exist. However employees have access to management to raise their concerns without any fear and its always endeavor of the management to resolve the issues satisfactorily. Wherever the workers unions exist at some manufacturing facilities, the Company cooperates with such union keeping in view larger interest of society, workers and stakeholders.
- 6 What percentage of your permanent employee is members of this recognized employee association: N.A.
- 7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of financial year.

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

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

The Company impart training relating to safety and skill upgradation to its employees including casual, temporary and contractual and its always endeavor of the management to cover maximum in the training programmes. The Company organizes various training sessions in-house. The Company has software based module for online survey of employee engagement and employee development plan.

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

- 1 Has the company mapped its internal and external stakeholders? Yes/No

The Company has mapped its internal and external stakeholders, the major or key categories include Governments / regulatory authorities. However the process of mapping of stakeholders is an ongoing effort of updation.

- 2 Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

The Company is in process to finalize.

- 3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable & marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

As a part of its business operations, the Company supports various initiatives to create a greener and safer world. The Company's initiative about Go Green is given in this Report. Further details of CSR initiatives by the Company are included in a report on CSR activities forming part of this Annual Report.

Principle 5: Business should respect and promote human rights.

- 1 Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint ventures/ suppliers/ contractors/ NGOs/ Others?

Essel Propack believes that an organization rests on a foundation of business ethics and valuing of human rights. Essel adheres to all statutes which embody the principles of human rights such as prevention of child labour, women empowerment, anti-sexual harassment of women etc. the Company promotes

awareness of the importance of human rights within its value chain and discourages instances of any abuse.

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

There were no complaints reported on violation of any Human rights during the financial year.

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

- 1 Does the policy related to principle 6 cover only the Company or extend to the Group/Joint ventures/ suppliers/ contractors/ NGOS/ Others?

Nurturing and safeguarding the environment for long term sustainability is of prime importance. The Company has undertaken green initiatives during the year.

- 2 Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc: No

- 3 Does the company identify and assess potential environmental risks? Y/N

No. the Company's manufacturing facility is largely machine based and do not emit or pollute the environment.

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

The Company does not have specific clean development mechanism. However the Company promotes clean environment initiatives. Company's initiative about 'Go Green' is described in this report.

- 5 Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Details relating to energy conservation is given in annexure to the Board report contained in this Report.

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

- 7 Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year: Nil



Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

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

The Company is member / associated with various associations including Organization of Plastics Processors of India (OPPI), Confederation of India Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), Indo-American Chambers of Commerce, Indo-German Chambers of Commerce, All India Association of Industries (AIAA), Bombay Chambers of Commerce and Industry, and Maharashtra Economic Development Council

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

The Company extends its support to various business associations and supports / advocates on various issues, whenever necessary, keeping in view the interest of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

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

Relevant details of CSR initiatives are included in the Annual Report on CSR forming part of this Annual Report.

- 2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ Government structures/any other organization?

The Company generally undertakes CSR projects through various agencies. Requisite details of entities through which CSR initiatives were undertaken included in the Annual Report on CSR forming part of this Annual Report. The Company also undertakes CSR activities mainly relating to providing benches, toilets and sanitary measures at various schools.

- 3 Have you done any impact assessment of your initiative?

The CSR team of the Company periodically does impact assessment of various initiatives undertaken by the Company.

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

Refer details of CSR contributions in the Annual report on CSR forming part of this Annual Report.

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

Yes.

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

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

There are no material consumer cases / customer complaints outstanding as at the end of financial year.

- 2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information): Not applicable

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

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

Customer service team and other management members whenever necessary, visit the customers to discuss and receive feedback and identifying consumers viewing behavior and emerging trends on consumer preferences. The Company has Creativity and Innovation Department with competent professionals to carry out research and development to cater needs of the customers. To match the expectation of the Company's multinational and domestic customers, Essel continuously develop and offer a diverse range of printing and packaging solutions.

Five Years' Summary of Selected Financial Data (India)

(₹ in lakhs)

| Particulars | As per previous GAAP | | As per IND AS* | | 2018 |
|--|----------------------|---------------|----------------|---------------|---------------|
| | 2014 | 2015 | 2016 | 2017 | |
| Sales and other income | 74,028 | 83,022 | 83,917 | 90,068 | 87,429 |
| Profit before depreciation, amortisation, finance costs and tax | 15,600 | 16,199 | 22,075 | 17,770 | 21,174 |
| Depreciation / Amortisation | 3,665 | 4,575 | 5,063 | 6,021 | 6,866 |
| Profit before tax | 7,563 | 7,531 | 14,425 | 9,427 | 12,168 |
| Profit after tax | 5,449 | 5,653 | 11,250 | 6,511 | 8,118 |
| Dividends (including dividend tax) | 2,298 | 3,015 | 4,158 | 4,538 | 4,548 |
| Cash profit | 9,113 | 10,228 | 16,313 | 12,532 | 14,984 |
| Book value per share | 46.63 | 30.56 | 38.09 | 39.59 | 41.63 |
| Basic earnings per share - ₹ | 3.47 | 3.60 | 7.16 | 4.15 | 5.17 |
| Dividend per share - ₹ | 1.25 | 1.60 | 2.20 | 2.40 | 2.40 |
| Closing share price on BSE at year end (₹ per share) | 57.80 | 124.70 | 161.05 | 237.05 | 240.45 |
| Market capitalisation (As at year end) | 90,805 | 195,834 | 252,920 | 372,545 | 377,943 |
| ASSETS LESS CURRENT LIABILITIES | | | | | |
| Fixed assets (Net) | 31,450 | 33,039 | 33,843 | 37,922 | 37,120 |
| Non-current investments | 56,996 | 29,091 | 22,038 | 22,060 | 21,894 |
| Other Non-current assets, loans and advances | 4,619 | 4,341 | 2,979 | 3,917 | 3,525 |
| Current assets | 33,440 | 32,408 | 32,594 | 31,823 | 36,480 |
| | 126,505 | 98,879 | 91,454 | 95,722 | 99,019 |
| Current liabilities | (23,839) | (18,196) | (12,424) | (14,758) | (23,146) |
| Net Assets | 102,666 | 80,683 | 79,030 | 80,964 | 75,873 |
| FINANCED BY | | | | | |
| Share capital ** | 3,141 | 3,142 | 3,142 | 3,143 | 3,145 |
| Reserves | 70,109 | 47,822 | 56,696 | 59,066 | 62,326 |
| Net Worth | 73,250 | 50,964 | 59,838 | 62,209 | 65,471 |
| Deferred tax balances | 2,276 | 1,667 | 1,551 | 1,904 | 1,255 |
| Non-current liabilities | 27,140 | 28,052 | 17,641 | 16,851 | 9,147 |
| Capital employed | 102,666 | 80,683 | 79,030 | 80,964 | 75,873 |
| FINANCIAL RETURNS AND STATISTICS | | | | | |
| Profit after tax as a percent of sales and other income | 7.4% | 6.8% | 13.4% | 7.2% | 9.3% |
| Profit before depreciation, finance costs and tax as a percent of sales and other income | 21.1% | 19.5% | 26.3% | 19.7% | 24.2% |
| Return on capital employed ^ | 10.0% | 12.0% | 15.4% | 14.3% | 17.7% |
| Return on net worth % (PAT/ Net worth) | 7.4% | 11.1% | 18.8% | 10.5% | 12.4% |
| Non-current liability as a percent of total year end Shareholders' Fund | 37% | 55% | 29% | 27% | 14% |
| Financial costs cover (Times) | 2.65 | 2.84 | 6.58 | 5.06 | 6.69 |
| (Profit before financial costs and taxation divided by finance costs) | | | | | |
| Number of equity shares outstanding (in lakhs) ** | 1,571 | 1,571 | 1,571 | 1,572 | 1,573 |
| Cash profit to sales and other income | 12.3% | 12.3% | 19.4% | 13.9% | 17.1% |

* The Company had transitioned to Indian Accounting Standards (Ind AS) w.e.f. 1st April 2016. Numbers for FY 16, FY 17 and FY 18 numbers are as per Ind AS. Hence not strictly comparable with earlier years presented under previous GAAP.

** Refer Note 19

^ Considering shareholder's fund and total loan funds including short-term borrowings and current maturities of long-term borrowings.



Five Years' Summary of Selected Financial Data (Consolidated)

(₹ in lakhs)

| Particulars | As per previous GAAP | | As per IND AS** | | |
|---|----------------------|----------------|-----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Sales and other income | 214,900 | 234,392 | 222,944 | 242,324 | 247,279 |
| Profit before depreciation, amortisation, finance costs and tax | 37,651 | 41,172 | 42,760 | 45,660 | 49,112 |
| Depreciation and amortisation expense | 12,576 | 13,179 | 12,316 | 14,148 | 16,707 |
| Profit before exceptional items and tax | 16,937 | 20,057 | 24,353 | 25,759 | 26,914 |
| Profit after tax attributable to Equity holders of the parent | 10,783 | 14,063 | 17,010 | 19,032 | 17,160 |
| Proposed Dividend | 1,964 | 2,513 | 3,455 | 3,770 | 3,772 |
| Cash Profit | 23,359 | 27,242 | 29,326 | 33,180 | 33,867 |
| Basic earnings per share - ₹ | 6.87 | 8.95 | 10.83 | 12.12 | 10.92 |
| Dividend per share - ₹ | 1.25 | 1.60 | 2.20 | 2.40 | 2.40 |
| ASSETS LESS CURRENT LIABILITIES | | | | | |
| Goodwill | - | - | - | 1,423 | 1,423 |
| Fixed assets (net) | 93,368 | 97,600 | 98,127 | 118,456 | 121,159 |
| Non current investments | 4,544 | 4,575 | 3,038 | 1,526 | 1,310 |
| Other non current assets, loans and advances | 6,849 | 6,514 | 8,560 | 8,067 | 8,169 |
| Current assets | 104,503 | 102,306 | 92,166 | 96,398 | 113,399 |
| | 209,264 | 210,995 | 201,891 | 225,870 | 245,460 |
| Current liabilities | (71,841) | (64,730) | (44,268) | (54,497) | (69,124) |
| Net Assets | 137,423 | 146,265 | 157,623 | 171,373 | 176,336 |
| FINANCED BY | | | | | |
| Share capital | 3,141 | 3,142 | 3,142 | 3,143 | 3,145 |
| Reserves and surplus | 67,444 | 75,155 | 93,336 | 100,756 | 121,914 |
| Net Worth | 70,585 | 78,297 | 96,478 | 103,899 | 125,059 |
| Non controlling interest | 755 | 808 | 814 | 572 | 430 |
| Deferred tax balances | 445 | 1,373 | 3,047 | 4,076 | 3,566 |
| | 71,785 | 80,478 | 100,339 | 108,547 | 129,055 |
| Non current liabilities | 65,638 | 65,787 | 57,284 | 62,826 | 47,281 |
| Capital employed | 137,423 | 146,265 | 157,623 | 171,373 | 176,336 |
| FINANCIAL RETURNS AND STATISTICS | | | | | |
| Profit after tax as a percent of Sales and other income | 5.0% | 6.0% | 7.6% | 7.9% | 6.9% |
| Profit before depreciation, amortisation, finance costs and tax as a percent of Sales and other income | 17.5% | 17.6% | 19.2% | 18.8% | 19.9% |
| Return on Capital Employed (Profit before Finance Costs and Tax/Avg Capital Employed) (With Goodwill) ^ | 13.7% | 16.4% | 18.3% | 17.7% | 16.8% |
| Return on Net worth (PAT/Avg Net worth) (With Goodwill) | 13.1% | 18.9% | 19.7% | 19.0% | 15.0% |
| Non current liabilities as a percentage of Shareholders' funds | 93% | 84% | 59% | 60% | 38% |
| Finance Costs Cover (Times) (Profit before Finance Costs and Taxation/Finance Costs) | 3.1 | 3.5 | 5.1 | 5.5 | 5.9 |
| Cash profit to sales and other income | 10.9% | 11.6% | 13.2% | 13.7% | 13.7% |

** The Company's financials for FY 16, FY 17 and FY 18 presented above are as per Ind AS. Hence not strictly comparable with earlier years presented under previous GAAP.

^ Considering shareholder's funds and total loan funds including short-term borrowings and current maturities of long-term borrowings.

Independent Auditor's Report

To

The Members of

Essel Propack Limited

1. Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Essel Propack Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

2. Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's responsibility

Our responsibility is to express an opinion on these standalone 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 of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 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 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 financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted



in India, of the state of affairs of the Company as at 31 March 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 included in these standalone financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 23 May 2017 expressed an unmodified opinion, which has been relied upon by us.

6. Report on other Legal and Regulatory requirements

- I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of section 143(11) of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
- II. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the

Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

- e) On the basis of written representations received from the directors of the Company as on 31 March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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"; 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 financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Ford Rhodes Parks & Co. LLP**

Chartered Accountants

Firm Registration Number: 102860W/W100089

Ramaswamy Subramanian

Partner

Membership Number 016059

Mumbai, 26 April 2018

Annexure A to the Independent Auditor's Report

Annexure referred to in paragraph 6(I) under "Report on other Legal and Regulatory requirements" of our report of even date to the members of Essel Propack Limited on the standalone financial statements for the year ended 31 March 2018

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year. As informed 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 the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. Inventories, except for goods-in-transit and stocks lying with third parties have been physically verified by the management. For stocks lying with third parties at the year end, these have been confirmed by them. In our opinion, the frequency of such verification is reasonable. Discrepancies noticed on such verification between physical stocks and the book records were not material and these have been properly dealt with in the books of account.
- iii. The Company had granted unsecured loan of ₹ 9,607 lakhs to a company covered in the register maintained under Section 189 of the Act;
 - a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the company listed in the register maintained under Section 189 of the Act is prima facie not prejudicial to the interest of the Company.
 - b) The aforesaid loan granted is repayable on demand and the borrower is regular in payment of interest as stipulated except for minor delay.
 - c) There is no amount of interest overdue for more than 90 days as at 31 March 2018.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans/ guarantees given, investments made and securities provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act.
- vi. We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- vii. According to the records of the Company examined by us and information and explanations given to us:
 - a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and others as applicable have generally been regularly deposited with the appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2018 for a period of more than six months from the date they became payable.
 - b) There are no dues of service tax and duty of customs which have not been deposited on account of any dispute. The disputed dues of income tax, sales tax, duty of excise and value added tax which have not been deposited are as under:



| Name of the Statute | Nature of the Dues | ₹ in lakhs | Period to which the amount relate | Forum where dispute is pending |
|--|--------------------|------------|---|---|
| Central Excise Act, 1944 | Duty of Excise | 151 | FY 2001-2002 to FY 2005-2006, FY 2009-2010 and FY 2010-2011 | Tribunal CESTAT |
| | | 101 | FY 2009-2010 to FY 2010-2011 and FY 2013-2014 to FY 2014-2015 | Commissioner of Central Excise (Appeals) |
| Maharashtra Value Added Tax Act, 2002 | Value added tax | 76 | FY 2005-2006 | Maharashtra Sales Tax Tribunal |
| | | 5 | FY 2013-2014 | Commissioner of Sales Tax |
| Himachal Pradesh Value Added Tax Act, 2005 | Value added tax | 3 | FY 2008-2009 | Additional Excise and Taxation Commissioner |
| Central Sales Tax Act, 1956 | Central sales tax | 861 | FY 2002-2003, FY 2005-2006, FY 2006-2007, FY 2007-2008 and 2008-2009 | Maharashtra Sales Tax Tribunal |
| | | 228 | FY 2002-2003 to FY 2004-2005 | Commissioner of VAT-Dadra and Nagar Haveli |
| | | 248 | FY 2002-2003, FY 2008-2009 and FY 2011-2012 | Deputy Commissioner of Sales Tax (Appeals) |
| | | 573 | FY 2001-2002, FY 2003-2004, FY 2005-2006, FY 2012-2013 and FY 2013-2014 | Joint Commissioner of Sales Tax (Appeals) |
| | | 29 | FY 2009-2010, FY 2011-2012, FY 2012-2013 and FY 2013-2014 | Assistant Commissioner of Commercial Taxes |
| The Income Tax Act, 1961 | Income tax-Penalty | 55 | FY 2006-2007 | Income Tax Appellate Tribunal |
| | | 797 | FY 2007-2008, FY 2011-2012 and FY 2012-2013 | Commissioner of Income Tax (Appeals) |
| | Income tax | 830 | FY 2006-2007, FY 2011-2012, FY 2012-2013 and FY 2013-2014 | Commissioner of Income Tax (Appeals) |

- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.
- xi. According to the records of the Company examined by us, and information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the

Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

- xiv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

For **Ford Rhodes Parks & Co. LLP**

Chartered Accountants

Firm Registration Number: 102860W/W100089

Ramaswamy Subramanian

Partner

Membership Number 016059

Mumbai, 26 April 2018



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 6(II)(f) under "Report on other Legal and Regulatory requirements" of our report of even date to the members of Essel Propack Limited on the standalone financial statements for the year ended 31 March 2018

We have audited the internal financial controls over financial reporting of **Essel Propack Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur

and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 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 issued by the Institute of Chartered Accountants of India.

For **Ford Rhodes Parks & Co. LLP**

Chartered Accountants

Firm Registration Number: 102860W/W100089

Ramaswamy Subramanian

Partner

Membership Number 016059

Mumbai, 26 April 2018



Balance Sheet

as at 31 March 2018

(₹ in lakhs)

| | Note | 2018 | 2017 |
|--|--------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 34,160 | 35,159 |
| (b) Capital work-in-progress | 4 | 1,723 | 1,532 |
| (c) Intangible assets | 5 | 276 | 442 |
| (d) Intangible assets under development | 5 | 961 | 789 |
| (e) Financial assets | | | |
| (i) Investments | 6 | 21,894 | 22,060 |
| (ii) Loans | 7 | 571 | 1,697 |
| (iii) Others | 8 | 20 | 29 |
| (f) Non-current tax assets (net) | 9 | 523 | 458 |
| (g) Other non-current assets | 10 | 2,411 | 1,733 |
| Total non-current assets | | 62,539 | 63,899 |
| Current assets | | | |
| (a) Inventories | 11 | 8,305 | 6,673 |
| (b) Financial assets | | | |
| (i) Trade receivables | 12 | 12,913 | 10,376 |
| (ii) Cash and cash equivalents | 13 | 717 | 41 |
| (iii) Bank balances other than cash and cash equivalents | 14 | 99 | 77 |
| (iv) Loans | 15 | 11,122 | 11,139 |
| (v) Others | 16 | 470 | 376 |
| (c) Current tax assets (net) | 17 | - | 151 |
| (d) Other current assets | 18 | 2,854 | 2,990 |
| Total current assets | | 36,480 | 31,823 |
| Total assets | | 99,019 | 95,722 |
| Equity and liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 19 | 3,145 | 3,143 |
| (b) Other equity | 20 | 62,326 | 59,066 |
| Total equity | | 65,471 | 62,209 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| Borrowings | 21 | 7,262 | 15,045 |
| (b) Provisions | 22 | 1,885 | 1,806 |
| (c) Deferred tax liabilities (net) | 39 | 1,255 | 1,904 |
| Total non-current liabilities | | 10,402 | 18,755 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 23 | 5,699 | 1,795 |
| (ii) Trade payables | 24 | 5,408 | 4,681 |
| (iii) Others | 25 | 10,812 | 6,872 |
| (b) Other current liabilities | 26 | 418 | 499 |
| (c) Provisions | 27 | 431 | 421 |
| (d) Current tax liabilities (net) | 28 | 378 | 490 |
| Total current liabilities | | 23,146 | 14,758 |
| Total equity and liabilities | | 99,019 | 95,722 |
| Notes forming part of the financial statements | 1 - 61 | | |

As per our attached report of even date

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ramaswamy Subramanian
Partner
Membership Number 016059

Place: Mumbai
Date: 26 April 2018

For and on behalf of the Board

Ashok Goel
Chairman & Managing Director

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

} Directors

A.V. Ganapathy
Chief Financial Officer

Suresh Savaliya
Company Secretary & Head - Legal

Statement of Profit and Loss

for the year ended 31 March 2018

(₹ in lakhs)

| Particulars | Notes | 2018 | 2017 |
|---|--------|---------------|---------------|
| Income | | | |
| Revenue from operations | 29 | 85,225 | 88,105 |
| Other income | 30 | 960 | 500 |
| Interest income | 31 | 1,244 | 1,463 |
| Total income | | 87,429 | 90,068 |
| Expenses | | | |
| Cost of materials consumed | 32 | 36,598 | 35,411 |
| Changes in inventories of finished goods and goods-in-process | 33 | (350) | 140 |
| Excise duty on sale of goods | 59 | 2,254 | 8,565 |
| Employee benefits expense | 34 | 8,570 | 8,382 |
| Finance costs | 35 | 2,140 | 2,322 |
| Depreciation and amortisation expense | 36 | 6,866 | 6,021 |
| Other expenses | 37 | 19,183 | 19,800 |
| Total expenses | | 75,261 | 80,641 |
| Profit before tax | | 12,168 | 9,427 |
| Tax expense | 39 | | |
| Current tax | | 4,660 | 2,911 |
| Deferred tax charge/(credit) | | (610) | 5 |
| Total tax expense | | 4,050 | 2,916 |
| Profit for the year | | 8,118 | 6,511 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| - Remeasurement gains/(losses) on defined benefit plan | 44 | (113) | (182) |
| Income tax effect on above | 39 | 39 | 63 |
| Other comprehensive income/(loss) for the year | | (74) | (119) |
| Total comprehensive income for the year | | 8,044 | 6,392 |
| Earnings per equity share of ₹ 2 each fully paid up | 38 | | |
| Basic (₹) | | 5.17 | 4.15 |
| Diluted (₹) | | 5.16 | 4.13 |
| Notes forming part of the financial statements | 1 - 61 | | |

As per our attached report of even date

For and on behalf of the Board

For **Ford Rhodes Parks & Co. LLP**
 Chartered Accountants
 Firm Registration Number 102860W/W100089

Ashok Goel
 Chairman & Managing Director

A.V. Ganapathy
 Chief Financial Officer

Ramaswamy Subramanian
 Partner
 Membership Number 016059

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

} Directors

Suresh Savaliya
 Company Secretary & Head - Legal

Place: Mumbai
 Date: 26 April 2018



Statement of changes in equity for the year ended 31 March 2018

A Equity share capital

(₹ in lakhs)

| | Note | |
|-------------------------------------|------|--------------|
| Balance as at 1 April 2016 * | 19 | 3,142 |
| Changes in equity share capital | | 1 |
| Balance as at 31 March 2017 | 19 | 3,143 |
| Changes in equity share capital | | 2 |
| Balance as at 31 March 2018 | 19 | 3,145 |

* Including forfeited shares of ₹ 1 lakh [Refer note 19 (h)]

B Other equity

(₹ in lakhs)

| | Note | Capital reserve | Securities premium reserve | Debenture redemption reserve | Share options outstanding account | General reserve | Retained earnings | Total other equity |
|--|---------|-----------------|----------------------------|------------------------------|-----------------------------------|-----------------|-------------------|--------------------|
| Balance as at 1 April 2016 | | 3,983 | 10,893 | 1,500 | 722 | 12,541 | 27,057 | 56,696 |
| Profit for the year | | - | - | - | - | - | 6,511 | 6,511 |
| Other comprehensive income/(loss) for the year | | - | - | - | - | - | (119) | (119) |
| Total comprehensive income for the year | | - | - | - | - | - | 6,392 | 6,392 |
| Pursuant to the scheme of amalgamation | 58 | 996 | - | - | - | - | 39 | 1,035 |
| Expenses incurred in connection with the scheme of amalgamation | 58 | (996) | - | - | - | - | - | (996) |
| Share options exercised during the year | 20 & 43 | - | 69 | - | - | - | - | 69 |
| Amount transferred from share options outstanding account on exercise of options | 20 & 43 | - | 25 | - | (25) | - | - | - |
| Share based payments | 20 & 43 | | | | | | | |
| - Share based payment expense (net) | | - | - | - | 6 | - | - | 6 |
| - Options granted to employees of subsidiaries | | - | - | - | 22 | - | - | 22 |
| Transfer to debenture redemption reserve | 20 | - | - | 750 | - | - | (750) | - |
| Equity dividend | 45 | - | - | - | - | - | (3,455) | (3,455) |
| Tax on equity dividend | 45 | - | - | - | - | - | (703) | (703) |
| Balance as at 31 March 2017 | | 3,983 | 10,987 | 2,250 | 725 | 12,541 | 28,580 | 59,066 |
| Balance as at 1 April 2017 | | 3,983 | 10,987 | 2,250 | 725 | 12,541 | 28,580 | 59,066 |
| Profit for the year | | - | - | - | - | - | 8,118 | 8,118 |
| Other comprehensive income/(loss) for the year | | - | - | - | - | - | (74) | (74) |
| Total comprehensive income for the year | | - | - | - | - | - | 8,044 | 8,044 |
| Share options exercised during the year | 20 & 43 | - | 96 | - | - | - | - | 96 |
| Transferred from share options outstanding account on exercise of options | 20 & 43 | - | 35 | - | (35) | - | - | - |
| Share based payments | 20 & 43 | | | | | | | |
| - Share based payment credit (net) | | - | - | - | (176) | - | - | (176) |
| - Options granted/(forfeited) to employees of subsidiaries | | - | - | - | (166) | - | - | (166) |
| - Transferred to retained earnings on forfeiture of vested options | | - | - | - | (15) | - | 15 | - |
| Equity dividend | 45 | - | - | - | - | - | (3,770) | (3,770) |
| Tax on equity dividend | 45 | - | - | - | - | - | (768) | (768) |
| Balance as at 31 March 2018 | | 3,983 | 11,118 | 2,250 | 333 | 12,541 | 32,101 | 62,326 |

As per our attached report of even date

For and on behalf of the Board

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ashok Goel
Chairman & Managing Director

A.V. Ganapathy
Chief Financial Officer

Ramaswamy Subramanian
Partner
Membership Number 016059

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

Directors

Suresh Savaliya
Company Secretary & Head - Legal

Place: Mumbai
Date: 26 April 2018

Notes forming part of the financial statements

1 Corporate information

Essel Propack Limited (hereinafter referred to as 'EPL' or 'the Company' or 'the parent company') is domiciled and incorporated in India and its shares are publicly traded on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company's registered office is located at P.O. Vasind, Taluka : Shahpur District: Thane, Maharashtra - 421604, India. The Company is engaged in manufacture of plastic packaging material in the form of multilayer collapsible tubes and laminates used primarily for packaging of consumer products in the Beauty & Cosmetics, Health & Pharmaceuticals, Food, Home and Oral care categories.

The separate financial statements (hereinafter referred to as "Financial Statements") of the Company for the year ended 31 March 2018 were authorised for issue by the Board of Directors at their meeting held on 26 April 2018.

2 Basis of preparation of financial statements

a) The financial statements have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act and rules framed thereunder and guidelines issued by Securities and Exchange Board of India (SEBI).

These financial statements have been prepared under the historical cost convention and on accrual basis, except for certain financial assets and liabilities (including derivative instruments), defined benefit plan assets and liabilities and share based payments being measured at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or a liability at the measurement date.

The financial statements are presented in Indian Rupees ('INR') with values rounded off to the nearest lakhs (00,000), except otherwise indicated. Zero '0' denotes amount less than a lakh.

b) Current and non-current classification

Assets and liabilities are classified as current if expected to realise or settle within twelve months after the balance sheet date. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 (A) Significant accounting policies

a) Investment in subsidiaries

Investments in subsidiaries are accounted at cost in accordance with Ind AS 27 "Separate financial statements". Refer note 6 for the list of significant investments.

b) Property, plant and equipment

(i) Free hold land is carried at cost. Other property, plant and equipment are stated at original cost of acquisition/installation (net of goods and service tax / cenvat credit availed) less accumulated depreciation and impairment loss, if any. Cost includes cost of acquisition, construction and installation, taxes, duties, freight and other incidental expenses that are directly attributable to bringing the asset to its working condition for the intended use and estimated cost for decommissioning of an asset. Further, in respect of accounting periods commencing on or after 7 December, 2006, exchange differences arising on reporting of long-term foreign currency monetary items which are recognised in the financial statements till the period ending 31 March 2016 at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the assets and depreciated over the balance life of the asset, where these monetary items pertain to the acquisition of depreciable property, plant and equipment.



Notes forming part of the financial statements

- (ii) Capital work-in-progress comprises cost of property, plant & equipment and related expenses that are not yet ready for their intended use at the reporting date.
- (iii) On transition to Ind AS, the Company had elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on property, plant and equipment

- i) Depreciation on property, plant and equipment is provided to the extent of depreciable amount on straight-line method over the useful life of asset as specified in Part-C of Schedule II to the Act. Depreciation is charged on pro-rata basis for asset purchased / sold during the year. Depreciation on the following assets is provided considering a shorter useful life as compared to Schedule II useful life, based on management estimate in view of possible technology obsolescence and product life cycle implications.

| Assets | Useful life |
|---|--------------------|
| Tooling, Moulds, Dies | 7 years |
| Hydraulic works, Pipelines and Slucies (HWPS) | 10 years |
| Overhauling of plant and machinery | 5 years |

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

- ii) Premium on leasehold land and leasehold improvements are amortised over the normal period of lease.

c) Intangible assets

- i) Intangible assets are stated at cost of acquisition less accumulated amortisation. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.
- ii) On transition to Ind AS, the Company had elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.
- iii) Intangibles assets with finite lives are amortised as follows:
 - Softwares : ERP software 10 years and others 3 years
 - Patents : 10 years

d) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying amount exceeds its recoverable value. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognised in prior accounting periods is reversed by crediting the statement of profit and loss if there has been a change in the estimate of recoverable amount.

e) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get

Notes forming part of the financial statements

ready for intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenure of such borrowings. All other borrowing costs are charged to the statement of profit and loss as finance costs. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs under Ind AS 23.

f) Financial assets

i) Recognition and measurement

The Company at initial recognition measures a financial asset at its fair value plus transaction costs that are directly attributable to its acquisition. However, transaction costs relating to financial assets to be subsequently valued at fair value through profit or loss (FVTPL) are expensed in the statement of profit and loss for the year.

The Company subsequently recognises its financial assets either at FVTPL, fair value through other comprehensive income (FVOCI) or at amortised cost, based on the Company's business model for managing the financial assets and their contractual cash flows. This has been explained below separately for debt instruments and equity instruments.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on such instruments is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest income from these financial assets is included in interest income using the effective interest rate method (EIR).

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. Gain and losses on fair value of such instruments are recognised in the statement of profit and loss. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity instruments (other than investments in subsidiaries) at fair value. Where the Company's management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss in the event of de-recognition. Dividends from such instruments are recognised in the statement of profit and loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVOCI are not reported separately from other changes in fair value.

ii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.



Notes forming part of the financial statements

iii) De-recognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

g) Derivatives and embedded derivatives

- i) The Company enters into certain derivative contracts (mainly foreign exchange forward contracts) to hedge risks, which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are recognised in the statement of profit and loss.
- ii) Derivatives embedded in a host contract that are assets within the scope of Ind AS 109 or are closely related to the host contract, are not separated. Derivatives embedded in all other host contracts are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and are measured at fair value through profit or loss.

h) Borrowings and other financial liabilities

- i) Borrowings and other financial liabilities are initially recognised at fair value net of transaction costs incurred that are directly attributable to the acquisition of the financial liability.
- ii) Subsequently recognition is done at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. The EIR amortisation is included in finance costs in the statement of profit and loss.
- iii) Borrowings and other financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss.

i) Employee benefits

i) Short-term benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

ii) Defined benefit plans

- a) Post-employment and other long-term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques.
- b) Re-measurement of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in other comprehensive income in the period in which they occur.

Notes forming part of the financial statements

iii) Defined contribution plans

Payments to defined contribution retirement benefit schemes are charged to the statement of profit and loss of the year when the contribution to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

j) Share based payments

Equity settled share based compensation benefits are provided to employees under the Essel Employee Stock Option Scheme 2014. The fair value of options granted under the Essel Employee Stock Option Scheme 2014 is recognised as an employee benefits expense with a corresponding increase in equity as "Share options outstanding account". The total amount to be recognised is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees holdings shares for a specific period of time).

The total expenses are amortised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service and non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity. In case vested options forfeited or expires unexercised, the related balance standing to the credit of the "Share options outstanding account" is transferred to "Retained earnings". In case of equity settled share based payments to employees of subsidiaries, in the separate financial statements, the parent company recognises the impact in the investment in the subsidiaries.

k) Revenue recognition

- Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised only when it can be reliably measured and it is probable that future economic benefits will flow to the Company.
- Revenue from operations includes sale of goods, scrap, export incentives and income from royalty and service charges:
 - Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have passed to the customer. Amounts disclosed as revenue are inclusive of excise duty (upto 30 June 2017) and net of returns, quality claims, discounts and value added tax/sales tax/goods and service tax (w.e.f. 1 July 2017).
 - Income from royalty and service charges is recognised as per the agreement terms.
 - Export incentives / benefits are accounted on accrual basis.
- Dividend income is recognised when the right to receive the payment is established by the balance sheet date.
- Interest income for all debt instruments, measured at amortised cost or fair value through other comprehensive income, is recognised using the effective interest rate method and shown under interest income in the statement of profit and loss.



Notes forming part of the financial statements

l) Government grants

- i) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- ii) Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
- iii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

m) Inventories

- i) Inventories are valued at lower of cost and estimated net realisable value.
- ii) Cost of raw materials, packing material and stores and spares are determined on moving average cost method.
- iii) Cost of finished goods and goods-in-process includes cost of direct materials, labour and other manufacturing overheads.

n) Foreign currency transactions

- i) The functional currency of the Company is Indian rupee (₹ or INR) which is also the presentation currency. All other currencies are accounted for as foreign currency.
- ii) Transactions denominated in foreign currencies are initially recorded in the functional currency at the exchange rate prevailing at the date of transaction.
- iii) Monetary items denominated in foreign currencies at the year-end are restated at the closing rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.
- iv) Exchange differences, in respect of accounting periods commencing on or after 7 December 2006, arising on reporting of long-term foreign currency monetary items which are recognised in the financial statements till the period ending 31 March 2016 at rates different from those at which they were initially recorded or reported in previous Financial Statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset. Any other income or expense on account of exchange difference either on settlement or on translation is recognised in the statement of profit and loss.

o) Income taxes

- i) The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
- ii) The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.
- iii) Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Notes forming part of the financial statements

- iv) Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
- v) Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
- vi) Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.
- vii) Minimum Alternate Tax (MAT) credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

p) Leases

Leases where the Company is a lessee and has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r) Provisions, contingent liabilities and contingent assets

- i) Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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



Notes forming part of the financial statements

- ii) 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 recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the financial statements.
- iii) A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized, but its existence is disclosed in the financial statements.

s) Business combinations

Business combinations are accounted for using the acquisition method as per Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under common control is accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

t) Dividend

Provision is made for the amount of any dividend declared on or before the end of the reporting period but remaining undistributed at the end of the reporting period, where the same has been appropriately authorised and is no longer at the discretion of the Company.

u) Contributed equity

Equity shares are classified as equity. Post transition to Ind AS with effect from 1 April 2015, incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v) Cash and cash equivalents

- i) Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposit with original maturity upto three months, which are subject to insignificant risk of changes in value.
- ii) For the purpose of presentation in the statement of cash flows, cash and cash equivalents consists of cash and short-term deposit, as defined above, net of outstanding bank overdraft but including other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

w) Exceptional items

Certain occasions, the size, type, or incidences of the item of income or expenses pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expenses is classified as an exceptional item and accordingly, disclosed in the financial statements.

3 (B) Recent accounting pronouncements

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Indian Accounting Standard (Ind AS) 115 "Revenue from Contracts with Customers"; notifying amendments to Ind AS 12 "Income Taxes" and Ind AS 21 "The Effects of Changes in Foreign Exchange Rates". Ind AS 115, amendments to the Ind AS 12 and Ind AS 21 are applicable to the Company w.e.f. 1 April 2018.

Notes forming part of the financial statements

i) Ind AS 115 “Revenue from Contracts with Customers”

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further this standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition: a) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”. b) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch-up approach). The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

ii) Amendments to Ind AS

a) Ind AS 12 “Income Taxes”

The amendment considers that tax law determines which deductions are offset against taxable income and that no deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

Accordingly, segregating deductible temporary differences in accordance with tax law and assessing them on entity basis or on the basis of type of income is necessary to determine whether taxable profits are sufficient to utilise deductible temporary differences.

b) Ind AS 21 “The Effects of Changes in Foreign Exchange Rates”

The amendment to this Ind AS requires foreign currency consideration paid or received in advance of an item of asset, expense or income, resulting in recognition of a non-monetary prepayment asset or deferred income liability, to be recorded in the Company's functional currency by applying the spot exchange rate on the date of transaction.

The date of transaction which is required to determine the spot exchange rate for translation of such items would be earlier of:

- the date of initial recognition of the non-monetary prepayment asset or deferred income liability, and
- the date on which the related item of asset, expense or income is recognised in the financial statements.

If the transaction is recognised in stages, then a spot exchange rate for each transaction date would be applied to translate each part of the transaction.

The Company has evaluated the impact of the above amendments on the financial statements and the impact is not material.

3 (C) Significant estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, assumptions and exercise judgement in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based on the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

This note provides an overview of the areas that involves a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.



Notes forming part of the financial statements

i) **Defined benefit obligation**

The cost of post-employment and other long term benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used are disclosed in note 44.

ii) **Fair value of financial instruments**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. For details of the key assumptions used and the impact of changes to these assumptions refer note 40.

iii) **Share-based payments**

Estimating fair value for share-based payment requires determination of the most appropriate valuation model. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 43.

iv) **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate.

v) **Impairment of financial assets**

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

vi) **Taxes**

The Company periodically assesses its liabilities and contingencies related to income taxes for all years open to scrutiny based on latest information available. The Company records its best estimates of the tax liability in the current tax provision. The management believes that they have adequately provided for the probable outcome of these matters.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Notes forming part of the financial statements

4 Property, plant and equipment

| Description of assets | Gross carrying amount | | | | Depreciation | | | Net carrying amount | | |
|----------------------------|-----------------------|--------------|------------|---------------------|--------------------|--------------|-----------|---------------------|---------------------|---------------------|
| | As at 1 April 2017 | Additions | Disposals | As at 31 March 2018 | Upto 31 March 2017 | For the year | Disposals | Upto 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
| | 2017 | | | 2018 | 2017 | year | | 2018 | 2018 | 2017 |
| Freehold land | 517 | - | - | 517 | - | - | - | - | 517 | 517 |
| Leasehold land | 15 | - | - | 15 | - | - | - | - | 15 | 15 |
| Leasehold improvements | 586 | 247 | - | 833 | 42 | 81 | - | 123 | 710 | 544 |
| Buildings | 4,046 | 603 | 87 | 4,562 | 455 | 212 | 5 | 662 | 3,900 | 3,591 |
| Plant and machinery | | | | | | | | | | |
| - Owned | 35,476 | 4,505 | 26 | 39,955 | 8,919 | 5,638 | 9 | 14,548 | 25,407 | 26,557 |
| - Leased | 1,914 | - | - | 1,914 | 568 | 284 | - | 852 | 1,062 | 1,346 |
| Equipments | | | | | | | | | | |
| - Owned | 2,066 | 356 | 2 | 2,420 | 399 | 295 | 1 | 693 | 1,727 | 1,667 |
| - Leased | 103 | - | - | 103 | 46 | 23 | - | 69 | 34 | 57 |
| Furniture and fixtures | 1,050 | 45 | 1 | 1,094 | 185 | 122 | 1 | 306 | 788 | 865 |
| TOTAL(A) | 45,773 | 5,756 | 116 | 51,413 | 10,614 | 6,655 | 16 | 17,253 | 34,160 | 35,159 |
| Capital work-in-progress | | | | | | | | | 1,723 | 1,532 |

5 Intangible assets

| Description of assets | Gross carrying amount | | | | Amortisation | | | Net carrying amount | | |
|-------------------------------------|-----------------------|--------------|------------|---------------------|--------------------|--------------|-----------|---------------------|---------------------|---------------------|
| | As at 1 April 2017 | Additions | Disposals | As at 31 March 2018 | Upto 31 March 2017 | For the year | Disposals | Upto 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
| | 2017 | | | 2018 | 2017 | year | | 2018 | 2018 | 2017 |
| Software | 764 | 45 | - | 809 | 394 | 203 | - | 597 | 212 | 370 |
| Patents | 81 | - | - | 81 | 9 | 8 | - | 17 | 64 | 72 |
| TOTAL(B) | 845 | 45 | - | 890 | 403 | 211 | - | 614 | 276 | 442 |
| TOTAL(A+B) | 46,618 | 5,801 | 116 | 52,303 | 11,017 | 6,866 | 16 | 17,868 | 34,436 | 35,601 |
| Intangible assets under development | | | | | | | | | 961 | 789 |

Notes:

- Buildings include roads, residential flats, tubewell, watertanks and share in co-operative society.
- Additions to plant and machinery and capital work in progress includes exchange difference of ₹ 198 lakhs capitalised during financial year 2017-18.
- For details of property, plant and equipment pledged as security, refer note 46.



Notes forming part of the financial statements

4 Property, plant and equipment

| Description of assets | Gross carrying amount | | | | Depreciation | | | Net carrying amount As at 31 March 2017 |
|----------------------------|--------------------------|--------------|------------|---------------------------|--------------------------|-----------------|----------------------------|---|
| | As at 1 April 2016 | Additions | Disposals | As at 31 March 2017 | Upto 31 March 2016 | For the year | Disposals March 2017 | |
| Freehold land | 517 | - | - | 517 | - | - | - | 517 |
| Leasehold land | 15 | - | - | 15 | - | - | - | 15 |
| Leasehold improvements | 1 | 585 | - | 586 | - | 42 | - | 544 |
| Buildings | 4,002 | 44 | - | 4,046 | 224 | 231 | - | 3,591 |
| Plant and machinery | | | | | | | | - |
| - Owned | 28,613 | 7,135 | 272 | 35,476 | 4,090 | 4,888 | 59 | 8,919 |
| - Leased | 1,914 | - | - | 1,914 | 284 | 284 | - | 1,346 |
| Equipments | | | | | | | | |
| - Owned | 894 | 1,173 | 1 | 2,066 | 176 | 224 | 0 | 399 |
| - Leased | 103 | - | - | 103 | 23 | 23 | - | 46 |
| Furniture and fixtures | 447 | 603 | - | 1,050 | 60 | 125 | - | 185 |
| TOTAL(A) | 36,506 | 9,540 | 273 | 45,773 | 4,857 | 5,817 | 59 | 10,614 |
| Capital work-in-progress | | | | | | | | 1,532 |

5 Intangible assets

| Description of assets | Gross carrying amount | | | | Amortisation | | | Net carrying amount As at 31 March 2017 |
|-------------------------------------|--------------------------|--------------|------------|---------------------------|--------------------------|-----------------|----------------------------|---|
| | As at 1 April 2016 | Additions | Disposals | As at 31 March 2017 | Upto 31 March 2016 | For the year | Disposals March 2017 | |
| Software | 619 | 145 | - | 764 | 197 | 197 | - | 370 |
| Patents | 42 | 39 | - | 81 | 2 | 7 | - | 72 |
| TOTAL(B) | 661 | 184 | - | 845 | 199 | 204 | - | 442 |
| TOTAL(A+B) | 37,167 | 9,724 | 273 | 46,618 | 5,056 | 6,021 | 59 | 11,017 |
| Intangible assets under development | | | | | | | | 789 |

Notes:

- Buildings include roads, residential flats, tubewell, watertanks and share in co-operative society.
- Additions to plant and machinery and capital work in progress includes exchange difference of ₹ 334 lakhs capitalised during financial year 2016-17.
- For details of property, plant and equipment pledged as security, refer note 46.

Notes forming part of the financial statements

| | | (₹ In lakhs) | |
|----------|---|---------------|---------------|
| | | 2018 | 2017 |
| 6 | Non-current investments (At cost) | | |
| | (A) Investments in equity shares of wholly owned subsidiaries - Unquoted | | |
| | 830,000 (31 March 2017: 830,000) of US\$ 10 each of Lamitube Technologies Limited, Mauritius | 8,994 | 8,994 |
| | 1,261 (31 March 2017: 1,261) of no par value of Arista Tubes Inc., USA* | 7,443 | 7,443 |
| | 1,600 (31 March 2017: 1,600) of US\$ 1000 each of Lamitube Technologies (Cyprus) Limited, Cyprus | 720 | 720 |
| | | 17,157 | 17,157 |
| | (B) Investments in preference shares of wholly owned subsidiaries - Unquoted | | |
| | 10,400 (31 March 2017: 10,400) Non-cumulative optionally convertible redeemable preference shares of US\$ 1000 each of Lamitube Technologies (Cyprus) Limited, Cyprus with fixed rate of dividend of US\$ 110 per share | 4,535 | 4,535 |
| | | 4,535 | 4,535 |
| | (C) Value of stock options granted to employees of subsidiaries | | |
| | As per last balance sheet | 368 | 346 |
| | Add/(Less): Options granted / (forfeited) during the year (Refer note 43) | (166) | 22 |
| | | 202 | 368 |
| | Total (A + B + C) | 21,894 | 22,060 |
| | Aggregate book value of unquoted investments | 21,894 | 22,060 |
| | Aggregate amount of impairment in value of investment | - | - |

(All the above securities are fully paid up)

* 7.35% is held through Lamitube Technologies (Cyprus) Limited

| | | (₹ In lakhs) | |
|----------|--|--------------|--------------|
| | | 2018 | 2017 |
| 7 | Non-current financial assets - Loans (Unsecured, considered good) | | |
| | Security deposits | | |
| | - Related parties (Refer note 54) | 471 | 1,610 |
| | - Others | 92 | 79 |
| | Loans and advances to employees | 8 | 8 |
| | Total | 571 | 1,697 |

Security deposits are interest free non-derivative financial assets carried at amortised cost. These primarily include deposits given against rented premises and various deposits with government authorities. The carrying value may be affected by changes in the credit risk of the counterparties.



Notes forming part of the financial statements

(₹ In lakhs)

| | 2018 | 2017 |
|---|-----------|-----------|
| 8 Other non-current financial assets | | |
| Deposits with banks having original maturity period of more than twelve months* (Refer note 14) | 20 | 29 |
| Total | 20 | 29 |

* Deposited with / lien in favour of various Government authorities / banks.

(₹ In lakhs)

| | 2018 | 2017 |
|---|------------|------------|
| 9 Non-current tax assets | | |
| Balances with government authorities - Direct tax (net of provisions) | 523 | 458 |
| Total | 523 | 458 |

(₹ In lakhs)

| | 2018 | 2017 |
|---|--------------|--------------|
| 10 Other non-current assets | | |
| Capital advances | 1,551 | 999 |
| Prepaid expenses | 398 | 319 |
| Balances with Government authorities - Indirect tax | 462 | 415 |
| Total | 2,411 | 1,733 |

(₹ In lakhs)

| | 2018 | 2017 |
|---|--------------|--------------|
| 11 Inventories | | |
| Raw materials (Including goods-in-transit 31 March 2018: ₹ 576 lakhs, 31 March 2017: ₹ 194 lakhs) | 3,087 | 2,250 |
| Goods-in-process | 2,861 | 2,695 |
| Finished goods (Including goods-in-transit 31 March 2018: ₹ 248 lakhs, 31 March 2017: ₹ 64 lakhs) | 248 | 64 |
| Stores and spares | 2,029 | 1,586 |
| Packing materials | 80 | 78 |
| Total | 8,305 | 6,673 |

Inventories were written down to net realisable value by ₹ 40 lakhs (31 March 2017 ₹ 78 lakhs). This amount is recognised as an expense during the year and included in "Changes in inventories of finished goods and goods-in-process" in the statement of profit and loss.

Notes forming part of the financial statements

(₹ In lakhs)

| | 2018 | 2017 |
|--|---------------|---------------|
| 12 Trade receivables (Unsecured) | | |
| Considered good | | |
| - Related parties (Refer note 54) | 470 | 481 |
| - Others | 12,443 | 9,895 |
| Considered doubtful - Others | 553 | 551 |
| | 13,466 | 10,927 |
| Less: Allowance for bad and doubtful debts | (553) | (551) |
| Total | 12,913 | 10,376 |

Trade receivables are non-interest bearing and credit terms are generally 30 to 90 days. The Company's exposure to credit and currency risks related to trade receivables is disclosed in note 41.

(₹ In lakhs)

| | 2018 | 2017 |
|---|------------|-----------|
| 13 Cash and cash equivalents | | |
| Balance with banks in Current accounts | 364 | 33 |
| Cheques on hand/ Remittances in transit | 353 | 8 |
| Total | 717 | 41 |

(₹ In lakhs)

| | 2018 | 2017 |
|--|-----------|-----------|
| 14 Bank balances other than cash and cash equivalents | | |
| Unclaimed dividend accounts | 87 | 73 |
| Deposits with bank having original maturity period of more than twelve months* | 32 | 33 |
| Less: Disclosed under "Other non-current financial assets" (Refer note 8) | (20) | (29) |
| Total | 99 | 77 |

* Deposited with / lien in favour of various Government authorities / banks.

(₹ In lakhs)

| | 2018 | 2017 |
|--|---------------|---------------|
| 15 Current financial assets - Loans | | |
| Unsecured, considered good | | |
| Security deposits - Others | 447 | 433 |
| Loans and advances to | | |
| - Related party (Refer note 54) | 10,629 | 10,674 |
| - Employees | 46 | 32 |
| Total | 11,122 | 11,139 |



Notes forming part of the financial statements

(₹ In lakhs)

| | 2018 | 2017 |
|---|------------|------------|
| 16 Other current financial assets | | |
| Insurance claim receivable (Refer note 48) | 193 | 193 |
| Derivative instruments at fair value through profit or loss | | |
| - Foreign exchange forward contracts | 38 | 2 |
| Other receivables from | | |
| - Subsidiaries (Refer note 54) | 234 | 176 |
| - Others | 5 | 5 |
| Total | 470 | 376 |

(₹ In lakhs)

| | 2018 | 2017 |
|---|----------|------------|
| 17 Current tax assets | | |
| Balances with government authorities - Direct tax (net of provisions) | - | 151 |
| Total | - | 151 |

(₹ In lakhs)

| | 2018 | 2017 |
|---|--------------|--------------|
| 18 Other current assets | | |
| Advances against goods and services | 514 | 93 |
| Prepaid expenses | 314 | 368 |
| Balances with government authorities - Indirect tax (net) | 1,962 | 2,485 |
| Export benefits receivable | 64 | 44 |
| Total | 2,854 | 2,990 |

(₹ In lakhs)

| | 2018 | 2017 |
|---|--------------|--------------|
| 19 Equity share capital | | |
| Authorised | | |
| 250,050,000 (31 March 2017: 250,050,000) equity shares of ₹ 2 each | 5,001 | 5,001 |
| Issued | | |
| 157,238,784 (31 March 2017: 157,158,618) equity shares of ₹ 2 each | 3,145 | 3,143 |
| Subscribed and paid up | | |
| 157,181,664 (31 March 2017: 157,101,498) equity shares of ₹ 2 each fully paid up (Refer note (a) below) | 3,144 | 3,142 |
| Add: 57,120 equity shares of ₹ 2 each forfeited (Refer note (h) below) | 1 | 1 |
| Total | 3,145 | 3,143 |

Notes forming part of the financial statements

a) Reconciliation of number of shares outstanding (excluding forfeited shares)

| | 2018 | | 2017 | |
|--|-------------------------|--------------|-------------------------|--------------|
| | Number of equity shares | (₹ in lakhs) | Number of equity shares | (₹ in lakhs) |
| At the beginning of the year | 157,101,498 | 3,142 | 157,044,165 | 3,141 |
| Add/(less): Changes during the year | | | | |
| Allotted pursuant to the scheme of amalgamation (Refer note 58) | | - | 88,917,843 | 1,778 |
| Cancelled pursuant to the scheme of amalgamation (Refer note 58) | - | - | (88,917,843) | (1,778) |
| Alloted on exercise of employee share options | 80,166 | 2 | 57,333 | 1 |
| Outstanding at the end of the year | 157,181,664 | 3,144 | 157,101,498 | 3,142 |

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The final 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 holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shares held by holding company and ultimate holding company

| Name of Shareholder | 2018 | | 2017 | |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
| | Number of equity shares | Percentage of holding | Number of equity shares | Percentage of holding |
| Whitehills Advisory Services Private Limited (Holding company)* | - | - | - | - |
| Rupee Finance and Management Private Limited (Ultimate holding company)* | - | - | - | - |

* During the previous year, all the shares held by Whitehills Advisory Services Private Limited have been transferred to Ashok Goel Trust pursuant to a scheme of amalgamation (Refer note 58). As such, there is no holding company or ultimate holding Company w.e.f. 6 October 2016.

d) Details of shareholder holding more than 5% equity shares

| Name of Shareholder | 2018 | | 2017 | |
|---|-------------------------|-----------------------|-------------------------|-----------------------|
| | Number of equity shares | Percentage of holding | Number of equity shares | Percentage of holding |
| Whitehills Advisory Services Private Limited (Holding company)* | - | - | - | - |
| Ashok Kumar Goel (Trustee - Ashok Goel Trust)* | 89,339,014 | 56.84% | 89,139,014 | 56.72% |

* During the previous year, all the shares held by Whitehills Advisory Services Private Limited have been transferred to Ashok Goel Trust pursuant to a scheme of amalgamation (Refer note 58). As such, there is no holding company w.e.f. 6 October 2016.



Notes forming part of the financial statements

- e) No bonus shares have been issued and no shares bought back during five years preceding 31 March 2018.
- f) For details of shares reserved for issue under the employee share based payment plan of the Company (Refer note 43).
- g) 500,155 equity shares of ₹ 2 each fully paid up were allotted on 14 September 2012 for consideration other than cash, pursuant to the Scheme of Merger of Ras Propack Lamipack Limited and Ras Extrusions Limited with the Company.
- h) Forfeited shares consist of 35,725 partly paid up equity shares and 21,395 fully paid up bonus shares forfeited during earlier year. The amount of ₹ 1 Lakh in relation to the forfeiture will be transferred to reserves upon cancellation of these shares.

| | | (₹ In lakhs) | |
|-----------|---|--------------|------------|
| | | 2018 | 2017 |
| 20 | Other equity | | |
| | a) Capital reserve | | |
| | As per last balance sheet | 3,983 | 3,983 |
| | Add/(less): | | |
| | Pursuant to the scheme of amalgamation (Refer note 58) | - | 996 |
| | Expenses incurred in connection with the scheme of amalgamation (Refer note 58) | - | (996) |
| | | 3,983 | 3,983 |
| | b) Securities premium reserve | | |
| | As per last balance sheet | 10,987 | 10,893 |
| | Add: Amount received during the year on exercise of options | 96 | 69 |
| | Transferred from share options outstanding account on exercise of options | 35 | 25 |
| | | 11,118 | 10,987 |
| | c) Other reserves | | |
| | i) Debenture redemption reserve | | |
| | As per last balance sheet | 2,250 | 1,500 |
| | Add: Transferred from retained earnings | - | 750 |
| | | 2,250 | 2,250 |
| | ii) Share options outstanding account (Refer note 43) | | |
| | As per last balance sheet | 725 | 722 |
| | Add/(less): Share based payment expense / (credit) (net) | (176) | 6 |
| | Options granted /(forfeited) to employees of subsidiaries | (166) | 22 |
| | Transferred to retained earnings on forfeiture of vested options | (15) | - |
| | Transferred to securities premium on exercise of options | (35) | (25) |
| | | 333 | 725 |
| | iii) General reserve | | |
| | As per last balance sheet | 12,541 | 12,541 |

Notes forming part of the financial statements

| | (₹ In lakhs) | |
|--|---------------|---------------|
| | 2018 | 2017 |
| iv) Retained earnings | | |
| As per last balance sheet | 28,580 | 27,057 |
| Add/(Less): | | |
| Taken over pursuant to the scheme of amalgamation (Refer note 58) | - | 39 |
| Profit for the year | 8,118 | 6,511 |
| Item of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurement gains/(losses) on defined benefit plan (net of tax) | (74) | (119) |
| Debenture redemption reserve | - | (750) |
| Transferred from share options outstanding account on forfeiture of vested options | 15 | - |
| Equity dividend paid | (3,770) | (3,455) |
| Tax on equity dividend paid | (768) | (703) |
| | 32,101 | 28,580 |
| Total | 62,326 | 59,066 |

Nature and purpose of reserves

i) Capital reserve

Capital reserve represents capital surplus and not normally available for distribution as dividend.

ii) Securities premium

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

iii) Debenture redemption reserve (DRR)

The Company had issued redeemable non-convertible debentures and accordingly DRR is required to be created pursuant to the Companies (Share capital and Debentures) Rules 2014. DRR is required to be created, out of profits of the Company available for payment of dividend, upto an amount which is equal to 25% of the total value of the debentures issued.

iv) Share options outstanding account

Represent the fair value at respective grant dates of options granted and outstanding for vesting/exercise, under Essel Employee Stock Option Scheme 2014. This balance will be transferred to share capital and security premium account as and when the options get exercised from time to time or to retained earnings in the event of forfeiture, non-vesting or lapse.

v) General reserve

The reserve is a distributable reserve maintained by the Company out of transfers made from annual profits.

vi) Retained earnings

Retained earnings represent the accumulated earnings net of losses, if any, made by the Company over the years.



Notes forming part of the financial statements

vii) Other comprehensive income

Other comprehensive income comprises of re-measurement gains/(losses) of defined benefit obligations.

| | (₹ in lakhs) | |
|---|---------------|---------------|
| | 2018 | 2017 |
| 21 Non-current borrowings | | |
| Secured | | |
| 400 (900) units of redeemable non-convertible debentures of face value of ₹ 1,000,000 each (Refer note (a) below) | 4,013 | 8,969 |
| Buyers credit from banks (Refer note (b) below) | - | 2,512 |
| Finance Lease Obligations (Refer note (c) below) | 183 | 526 |
| | 4,196 | 12,007 |
| Unsecured | | |
| 500 (Nil) units of redeemable non-convertible debentures of face value of ₹ 1,000,000 each (Refer note (d) below) | 5,099 | - |
| Buyers credit from banks (Refer note (e) below) | 3,433 | 4,396 |
| Deferred sales tax loan (Refer note (f) below) | 879 | 1,139 |
| | 9,411 | 5,535 |
| Total | 13,607 | 17,542 |
| Less: Current maturities disclosed under Other current financial liabilities (Refer note 25) | 6,345 | 2,497 |
| Total | 7,262 | 15,045 |

Nature of security and terms of repayments for long-term borrowings

| | |
|--|--|
| a) Listed redeemable non-convertible debentures Series (A) of ₹ Nil (31 March 2017: ₹ 4,983 lakhs) and Series (B) of ₹ 4,013 lakhs (31 March 2017: ₹ 3,986 lakhs) are secured by pari passu first charge on all fixed assets of the Company (except all fixed assets situated at chakan and land and building situated at Goa and Murbad). These debentures are further secured by way of security provided by a related party*. | These debentures carry interest rate at SBI Base Rate + 145 bps p.a. and are redeemable at par in 3 annual instalments commencing from 25 April 2019 in the ratio of 30:30:40 with a put/call option at the end of 3 years from date of issue in case of Series (A) and 3 1/2 years from the date of issue in case of Series (B), and on each anniversary thereafter until redemption, and put option in the event of downgrade of credit rating to BBB+ or below. Series (A) debentures are redeemed during the year exercising the call option in accordance with the terms of the issue. Further in case of Series (B) debentures the call option has been exercised during the year. |
| b) Buyers credit from banks of ₹ Nil (31 March 2017: ₹ 2,512 lakhs) are secured by pari passu first charge on all fixed assets of the Company (except all fixed assets situated at chakan). These buyers credit from banks are further secured by way of security provided by a related party*. | Buyers credit from banks are fully repaid during the year. |
| c) Finance lease obligations are secured by related leased assets. | Leases carry interest rate ranging from 12.36% to 13.50% p.a and are repayable in monthly installments. |

Notes forming part of the financial statements

| | |
|--|---|
| d) Listed redeemable non-convertible debentures of ₹ 5,099 lakhs (31 March 2017: ₹ Nil) are unsecured. | These debentures carry interest rate at 1 year Treasury Bill YTM rate + 145 bps p.a. payable annually and are redeemable at par at the end of 3 years from the date of issue. The interest is reset at each anniversary of the issue. |
| e) Buyers credit from banks ₹ 2,281 lakhs (31 March 2017: ₹ 2,284 lakhs) are against security provided and guarantee issued by a related party and ₹ 1,152 lakhs (31 March 2017: ₹ 2,112 lakhs) are against security provided by a related party*. | Buyers credit from banks carry interest rate ranging from 0.20% to 2.10% p.a. based on prevailing benchmark rates and are repayable in maximum period of three years from the date of transaction. |
| f) Deferred sales tax interest free loans are repayable after a period of 10 to 14 years from the date of loan upto 2024-25. | |

*Related party i.e. Aqualand (India) Limited

| | (₹ in lakhs) | |
|----------------------------------|--------------|--------------|
| | 2018 | 2017 |
| 22 Non-current provisions | | |
| Employee benefits | 1,300 | 1,208 |
| Provision for contingency | 585 | 598 |
| Total | 1,885 | 1,806 |

| | (₹ in lakhs) | |
|--|--------------|--------------|
| | 2018 | 2017 |
| 23 Current financial liabilities - Borrowings | | |
| Secured (Refer note below) | | |
| Working capital loan from banks | 2,738 | 701 |
| Buyers credit from banks | - | 1,040 |
| | 2,738 | 1,741 |
| Unsecured | | |
| Working capital loan from banks | - | 54 |
| Commercial Paper | 2,961 | - |
| | 2,961 | 54 |
| Total | 5,699 | 1,795 |

Short-term borrowings of ₹ 2,738 lakhs (31 March 2017: ₹ 1,741 lakhs) are secured by first pari-passu charge on current assets and second pari-passu charge on all fixed assets of the company (except all fixed assets situated at chakan).

| | (₹ in lakhs) | |
|--|--------------|--------------|
| | 2018 | 2017 |
| 24 Trade payables | | |
| Acceptances | 2,179 | 2,183 |
| Others (for Micro, Small and Medium Enterprises - Refer note 53) | 3,229 | 2,498 |
| Total | 5,408 | 4,681 |



Notes forming part of the financial statements

(₹ in lakhs)

| | 2018 | 2017 |
|---|---------------|--------------|
| 25 Other current financial liabilities | | |
| Current maturities of long-term borrowings (Refer note 21) | 6,162 | 2,152 |
| Current maturities of long-term finance lease obligations (Refer note 21) | 183 | 345 |
| Unclaimed dividend (Refer note 55) | 87 | 73 |
| Payable for capital goods | 269 | 266 |
| Employee benefits payable | 1,284 | 1,322 |
| Derivative instruments at fair value through profit or loss | | |
| - Foreign exchange forward contracts | - | 423 |
| Other payables | 2,827 | 2,291 |
| Total | 10,812 | 6,872 |

(₹ in lakhs)

| | 2018 | 2017 |
|-------------------------------------|------------|------------|
| 26 Other current liabilities | | |
| Trade advances | 124 | 44 |
| Statutory dues | 294 | 455 |
| Total | 418 | 499 |

(₹ in lakhs)

| | 2018 | 2017 |
|------------------------------|------------|------------|
| 27 Current provisions | | |
| Employee benefits | 431 | 421 |
| Total | 431 | 421 |

(₹ in lakhs)

| | 2018 | 2017 |
|-----------------------------------|------------|------------|
| 28 Current tax liabilities | | |
| Direct tax payable (net) | 378 | 490 |
| Total | 378 | 490 |

(₹ in lakhs)

| | 2018 | 2017 |
|---|---------------|---------------|
| 29 Revenue from operations (Refer note 59) | | |
| Sales of products | 81,504 | 84,673 |
| Other operating revenues | | |
| Royalty/Service charges | 3,011 | 2,765 |
| Sale of scrap | 391 | 473 |
| Export and other incentives | 319 | 194 |
| Total | 85,225 | 88,105 |

Notes forming part of the financial statements

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| 30 Other income | | |
| Interest on income tax refund | 323 | - |
| Net gain on disposal of property, plant and equipment | 197 | 38 |
| Gain on sale of current investments | 7 | 3 |
| Miscellaneous income | 433 | 459 |
| Total | 960 | 500 |

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| 31 Interest income | | |
| Interest income on financial assets at amortised cost | | |
| - Loans | 1,136 | 1,258 |
| - Deposits | 19 | 22 |
| Unwinding of discount on security deposits | 89 | 183 |
| Total | 1,244 | 1,463 |

| | (₹ in lakhs) | |
|--|---------------|---------------|
| | 2018 | 2017 |
| 32 Cost of materials consumed | | |
| Inventory at the beginning of the year | 2,250 | 2,151 |
| Add: Purchases (net) | 37,435 | 35,510 |
| | 39,685 | 37,661 |
| Less: Inventory at the end of the year | 3,087 | 2,250 |
| Total | 36,598 | 35,411 |

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| 33 Changes in inventories of finished goods and goods-in-process | | |
| Inventory at the end of the year | | |
| Goods-in-process | 2,861 | 2,695 |
| Finished goods | 248 | 64 |
| | 3,109 | 2,759 |
| Inventory at the beginning of the year | | |
| Goods-in-process | 2,695 | 2,868 |
| Finished goods | 64 | 31 |
| | 2,759 | 2,899 |
| Total | (350) | 140 |



Notes forming part of the financial statements

(₹ in lakhs)

| | 2018 | 2017 |
|--|--------------|--------------|
| 34 Employee benefits expense | | |
| Salaries, wages and bonus | 7,470 | 7,203 |
| Contribution to provident and other funds | 433 | 401 |
| Gratuity | 84 | 66 |
| Share based payment (credit)/expense (net) (Refer note 43) | (176) | 6 |
| Staff welfare expenses | 759 | 706 |
| Total | 8,570 | 8,382 |

(₹ in lakhs)

| | 2018 | 2017 |
|---|--------------|--------------|
| 35 Finance costs | | |
| Interest expense | | |
| - Borrowings | 1,328 | 1,354 |
| - Defined benefit obligation | 76 | 59 |
| - Others | 7 | 16 |
| Exchange differences regarded as an adjustment to borrowing costs | 111 | 180 |
| Other borrowing costs | 618 | 713 |
| Total | 2,140 | 2,322 |

(₹ in lakhs)

| | 2018 | 2017 |
|---|--------------|--------------|
| 36 Depreciation and amortisation expense | | |
| Depreciation on property, plant and equipment | 6,655 | 5,817 |
| Amortisation of intangible assets | 211 | 204 |
| Total | 6,866 | 6,021 |

Notes forming part of the financial statements

| | (₹ in lakhs) | |
|---|---------------|---------------|
| | 2018 | 2017 |
| 37 Other expenses | | |
| Stores and spares | 2,236 | 2,350 |
| Packing materials | 2,534 | 2,345 |
| Power and fuel | 3,729 | 3,947 |
| Job work / labour charges | 2,710 | 2,834 |
| Other manufacturing expenses | 196 | 234 |
| Lease rent | | |
| - Factory premises | 623 | 775 |
| - Plant and equipment | 850 | 964 |
| Repairs and maintenance | | |
| - Buildings | 61 | 60 |
| - Plant and machinery | 472 | 572 |
| - Others | 159 | 148 |
| Rent | 644 | 553 |
| Rates and taxes | 125 | 123 |
| Insurance | 71 | 95 |
| Directors' sitting fees | 7 | 9 |
| Travelling and conveyance expenses | 254 | 318 |
| Professional and consultancy charges | 622 | 675 |
| Communication charges | 95 | 116 |
| Exchange differences (net) | 88 | 117 |
| Payment to auditors (Refer details below) | 35 | 58 |
| Corporate social responsibility (Refer note 56) | 78 | 42 |
| Freight and forwarding expenses | 1,662 | 1,676 |
| Bad and doubtful debts (net of provision) | 187 | 60 |
| Miscellaneous expenses | 1,745 | 1,729 |
| Total | 19,183 | 19,800 |
| Payment to auditors for: | | |
| Audit fees | 21 | 27 |
| Tax audit | - | 4 |
| Tax representations and others | - | 12 |
| Certifications (including fees for limited reviews) | 14 | 13 |
| Reimbursement of expenses | 0 | 2 |
| Total | 35 | 58 |

| | 2018 | 2017 |
|---|--------------|--------------|
| 38 Earnings per share | | |
| Profit after tax (₹ in lakhs) | 8,118 | 6,511 |
| Weighted average number of basic equity shares (Nos.) | 15,71,48,280 | 15,70,53,275 |
| Weighted average number of diluted equity shares (Nos.) | 15,74,15,373 | 15,75,40,510 |
| Nominal value of equity shares (₹) | 2.00 | 2.00 |
| Basic earnings per share (₹) | 5.17 | 4.15 |
| Diluted earnings per share (₹) | 5.16 | 4.13 |



Notes forming part of the financial statements

39 Income tax

a) The major components of income tax for the year ended 31 March 2018 are as under:

i) Income tax related to items recognised directly in the statement of profit and loss during the year

| | (₹ in lakhs) | |
|--|--------------|--------------|
| | 2018 | 2017 |
| Current tax | | |
| Current tax on profits for the year | 4,660 | 2,898 |
| Adjustments for current tax of prior periods | - | 13 |
| Total current tax expense | 4,660 | 2,911 |
| Deferred tax | | |
| Relating to origination and reversal of temporary differences | (610) | 5 |
| Income tax expense reported in the statement of profit and loss | 4,050 | 2,916 |

ii) Deferred tax related to items recognised in other comprehensive income (OCI) during the year

| | (₹ in lakhs) | |
|---|--------------|-----------|
| | 2018 | 2017 |
| Deferred tax on remeasurement of defined benefit plan | 39 | 63 |
| Deferred tax recognised in OCI | 39 | 63 |

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

| | (₹ in lakhs) | |
|---|---------------|--------------|
| | 2018 | 2017 |
| Accounting profit before tax | 12,168 | 9,427 |
| Income tax @ 34.944% (31 March 2017 @ 34.608%) | 4,252 | 3,262 |
| Adjustments in respect of current income tax in respect of previous years | - | 13 |
| Non-deductible expenses for tax purpose | 55 | 16 |
| Additional allowance for tax purpose | (77) | (464) |
| Other allowances for tax purpose | (63) | (6) |
| Expenses/(reversals) not deductible/(taxable) | (66) | - |
| Effect of change in tax rate | (12) | - |
| Other temporary differences | (39) | 95 |
| Income tax expense charged to the statement of profit and loss | 4,050 | 2,916 |

Notes forming part of the financial statements

c) Deferred tax relates to the following:

(₹ in lakhs)

| | Balance sheet | | Recognised in the statement of profit and loss | | Recognised in OCI | |
|--|---------------|--------------|--|-------------|-------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| a) Taxable temporary differences | | | | | | |
| Depreciation on property, plant, equipment and intangible assets | 2,174 | 2,699 | (525) | 108 | - | - |
| Unamortised ancillary borrowing costs | 10 | 33 | (23) | (9) | - | - |
| Total (a) | 2,184 | 2,732 | (548) | 99 | - | - |
| b) Deductible temporary differences | | | | | | |
| Employee benefits / expenses allowable on payment basis | 637 | 589 | (9) | (59) | (39) | (63) |
| Allowance for bad and doubtful debts | 193 | 191 | (2) | (4) | - | - |
| Other deductible temporary differences | 99 | 48 | (51) | (31) | - | - |
| Total (b) | 929 | 828 | (62) | (94) | (39) | (63) |
| Net deferred tax (assets)/liabilities (a-b) | 1,255 | 1,904 | | | | |
| Deferred tax charge/(credit) (a+b) | | | (610) | 5 | (39) | (63) |

- d) The Company has brought forward long term capital losses of ₹ 2,714 lakhs (31 March 2017 ₹ 2,714 lakhs) that are available for offsetting for eight years against future taxable long term capital gains till FY 2023-2024. Deferred tax assets of ₹ 632 lakhs (31 March 2017 ₹ 615 lakhs) have not been recognised in respect of these losses in view of uncertainty of future taxable long term capital gains.

40 Fair value measurements

i) Financial instruments by category:

(₹ in lakhs)

| | 2018 | | 2017 | |
|---|-----------|----------------|------------|----------------|
| | FVTPL | Amortised cost | FVTPL | Amortised cost |
| Financial assets (other than investment in subsidiaries) | | | | |
| Non current assets | | | | |
| Loans | - | 571 | - | 1,697 |
| Current assets | | | | |
| Trade receivables | - | 12,913 | - | 10,376 |
| Cash and bank balances* | - | 836 | - | 147 |
| Loans | - | 11,122 | - | 11,139 |
| Derivative instruments | 38 | - | 2 | - |
| Other financial assets | - | 433 | - | 374 |
| Total financial assets | 38 | 25,875 | 2 | 23,733 |
| Financial liabilities | | | | |
| Non-current liabilities | | | | |
| Borrowings | - | 7,262 | - | 15,045 |
| Current liabilities | | | | |
| Borrowings | - | 5,699 | - | 1,795 |
| Trade payables | - | 5,408 | - | 4,681 |
| Derivative instruments | - | - | 423 | - |
| Other financial liabilities | - | 10,812 | - | 6,449 |
| Total financial liabilities | - | 29,181 | 423 | 27,970 |

* Including deposits with banks having original maturity period of more than twelve months of ₹ 20 lakhs (31 March 2017 ₹ 29 lakhs) shown under other non-current financial assets.



Notes forming part of the financial statements

ii) Fair value hierarchy

The fair values of the financial assets and liabilities are the amount 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.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) 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 three levels prescribed under the Indian Accounting Standards. An explanation for each level is given below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market 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. Instruments in the level 2 category for the Company include foreign exchange forward contracts.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in this level.

iii) Financial assets (other than investment in subsidiaries) and liabilities measured at fair value through profit or loss at each reporting date

(₹ in lakhs)

| | 2018 | | | 2017 | | |
|---|---------|-----------|---------|---------|------------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets measured at FVTPL | | | | | | |
| Derivative instruments - foreign exchange forward contracts | - | 38 | - | - | 2 | - |
| Total | - | 38 | - | - | 2 | - |
| Financial liabilities measured at FVTPL | | | | | | |
| Derivative instruments - foreign exchange forward contracts | - | - | - | - | 423 | - |
| Total | - | - | - | - | 423 | - |

iv) Non-current financial assets (other than investment in subsidiaries) and liabilities measured at amortised cost at each reporting date

(₹ in lakhs)

| | 2018 | | 2017 | |
|--|---------|-----------------|---------|-----------------|
| | Level 3 | Carrying amount | Level 3 | Carrying amount |
| Non-current financial assets | | | | |
| Loans | 602 | 571 | 1,744 | 1,697 |
| Other financial assets | 17 | 20 | 24 | 29 |
| Non-current financial liabilities | | | | |
| Borrowings | 7,262 | 7,262 | 15,045 | 15,045 |

- a) The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

Notes forming part of the financial statements

- b) The fair values for “Other non-current financial assets “ comprising of lease rental deposits and bank deposits (due for maturity after twelve months from the reporting date) are based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs including counterparty credit risk.
- c) The carrying amounts of trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, current loans, other current financial assets, current borrowings, trade payables and other financial liabilities approximates the fair values due to the short-term maturities of these financial assets / liabilities.
- d) There have been no transfers between level 1, level 2 and level 3 for the years ended 31 March 2018 and 31 March 2017.
- v) Valuation techniques used to determine fair value and significant estimates and judgements made in:**
The fair value of foreign exchange forward contracts is determined using forward exchange rates at the balance sheet date. The fair values of the remaining financial instruments is determined using discounted cash flow method.

41 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk - Foreign currency; and
- Market risk - Interest rate

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk from its operating activities (primarily trade receivables), lease rental deposits, deposits with banks and other financial instruments. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed.

i) Trade receivables

The Company extends credit to customers in the normal course of business. The Company considers factors such as financial conditions / market practices, credit track record in the market, analysis of historical bad debts and past dealings for extension of credit to customers. Individual credit limits are set accordingly. The Company monitors the payment track record of the customers and ageing of receivables. Outstanding customer receivables are regularly monitored. The Company considers the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The Company has also taken advances and security deposits from some of its customers, which mitigate the credit risk to an extent.

ii) The ageing analysis of the trade receivables (other than due from related parties) has been considered from the date the invoice falls due.

| | (₹ in lakhs) | |
|--------------------|---------------|--------------|
| | 2018 | 2017 |
| Up to 3 months | 12,088 | 9,663 |
| 3 to 6 months | 246 | 136 |
| More than 6 months | 109 | 96 |
| Total | 12,443 | 9,895 |



Notes forming part of the financial statements

iv) The following table summarizes the change in the allowances for bad and doubtful debts:

| | (₹ in lakhs) | |
|------------------------------------|--------------|------------|
| | 2018 | 2017 |
| As at beginning of the year | 551 | 540 |
| Add/(less): | | |
| Provided during the year | 171 | 170 |
| Amounts written off | (142) | (49) |
| Reversals of provision | (27) | (110) |
| As at end of the year | 553 | 551 |

The Company uses provision matrix whereby trade receivables are considered impaired based on past trends where such receivables are outstandings for more than one year. The allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2018 and 31 March 2017 is not material and the same has not been recognised. The reversal for lifetime expected credit loss on customer balances for the year ended 31 March 2018 is ₹ Nil (31 March 2017 : ₹ Nil).

v) Other financial instruments

The Company considers factors such as track record, size of the institution, market reputation, financial strength/rating and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions from whom the Company has also availed borrowings. Security deposits against leasing of premises/equipments are refundable upon closure of the lease and hence credit risk associated with such deposits is relatively low.

B Liquidity risk

- i) Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – borrowings, trade payables, derivative instruments and other financial liabilities.

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. It maintains adequate sources of financing including loans, debt and overdraft from banks. It also enjoys strong access to domestic capital markets across various debt instruments.

ii) Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted.

| (₹ in lakhs) | | | | |
|---|-----------------------------|----------------------------------|---------------------------|---------------|
| As at 31 March 2018 | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total |
| Maturities of non – derivative financial liabilities | | | | |
| Long-term borrowings | 6,227 | 7,208 | 70 | 13,505 |
| Short-term borrowings | 5,736 | - | - | 5,736 |
| Interest payable | 431 | 674 | - | 1,105 |
| Trade payables | 5,408 | - | - | 5,408 |
| Other financial liabilities | 4,467 | - | - | 4,467 |
| Total | 22,269 | 7,882 | 70 | 30,221 |

Notes forming part of the financial statements

| As at 31 March 2017 | | | | | (₹ in lakhs) |
|---|---------------------|--------------------------|-------------------|---------------|--------------|
| | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total | |
| Maturities of non – derivative financial liabilities | | | | | |
| Long-term borrowings | 2,476 | 14,956 | 160 | 17,592 | |
| Short-term borrowings | 1,792 | - | - | 1,792 | |
| Interest payable | 1,247 | 2,229 | - | 3,476 | |
| Trade payables | 4,681 | - | - | 4,681 | |
| Other financial liabilities | 3,952 | - | - | 3,952 | |
| Total | 14,148 | 17,185 | 160 | 31,493 | |
| Maturities of derivative financial liabilities | | | | | |
| Foreign exchange forward contracts | 423 | - | - | 423 | |
| Total | 423 | - | - | 423 | |

C Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in respective market risks.

The Company's activities expose it to risks on account of changes in foreign currency exchange rates and interest rates. The Company uses derivative financial instruments such as foreign exchange forward contracts of varying maturity depending upon the underlying contract as a risk management strategy to manage its exposures to foreign exchange fluctuations and interest rate.

i Foreign currency risk

Currency risk is the risk that the fair value or future cash flows fluctuate because of changes in market prices. The Company is exposed to foreign exchange risk on their receivables, payables and foreign currency loans which are mainly held in the United State Dollar ("USD"), the Euro ("EUR"), the Swiss Franc ("CHF") and the Chinese Yuan ("CNY"). Consequently, the Company is exposed primarily to the risk that the exchange rate of the Indian Rupees ("INR") relative to the USD, the EUR, the CHF, and the CNY may change in a manner that has a material effect on the reported values of the Company's assets and liabilities that are denominated in these foreign currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies, including minimising cross currency transactions, using natural hedge and the use of derivatives like foreign exchange forward contracts to minimise the impact to results of the exchange rate movements. the unhedged exposures are maintained and kept to minimum feasible.



Notes forming part of the financial statements

The Company's exposure to foreign currency risk at the end of the reporting period are as under -

(₹ in lakhs)

| | 2018 | | | | | 2017 | | | | |
|--|--------------|-----------|----------|------------|----------|-----------|------------|------------|------------|----------|
| | USD | EUR | CHF | CNY | Others | USD | EUR | CHF | CNY | Others |
| Financial assets | | | | | | | | | | |
| Trade receivables | 1,287 | 37 | - | - | 4 | 454 | 92 | - | - | - |
| Others | 254 | 56 | - | 183 | - | 221 | 52 | - | 172 | - |
| Derivative assets | | | | | | | | | | |
| Foreign exchange forward contracts | - | - | - | - | - | (649) | - | - | - | - |
| Net exposure to foreign currency risk | 1,541 | 93 | - | 183 | 4 | 26 | 144 | - | 172 | - |
| Financial liabilities | | | | | | | | | | |
| Borrowings | 370 | - | 1,245 | - | - | 1,406 | - | 1,302 | - | - |
| Trade payables | 1,271 | 70 | - | - | - | 2,069 | 83 | 142 | - | 6 |
| Others | 7 | - | 3 | - | - | 10 | 0 | 4 | - | - |
| Derivative liabilities | | | | | | | | | | |
| Foreign exchange forward contracts | (533) | - | (1,245) | - | - | (3,443) | - | (1,302) | - | - |
| Net exposure to foreign currency risk | 1,115 | 70 | 3 | - | - | 42 | 83 | 146 | - | 6 |

The above table excludes foreign currency exposures (financial liabilities) of ₹ 1,829 lakhs (31 March 2017: ₹ 5,255 lakhs) denominated primarily in USD and CHF currencies for which the exchange differences (net) are being capitalised to cost of property, plant and equipment. Accordingly the corresponding foreign exchange forward contracts against these financial liabilities amounting to ₹ 1,829 lakhs (31 March 2017: ₹ 4,828 lakhs) have been excluded.

Sensitivity to foreign currency risk

The following table demonstrates the sensitivity in the USD, EUR, CHF, CNY and other currencies with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

(₹ in lakhs)

| Currencies / Sensitivity | 2018 | | 2017 | |
|--------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Increase by 5% (Loss) / Gain | Decrease by 5% (Loss) / Gain | Increase by 5% (Loss) / Gain | Decrease by 5% (Loss) / Gain |
| USD | 21.31 | (21.31) | (0.72) | 0.72 |
| EUR | 1.15 | (1.15) | 3.04 | (3.04) |
| CHF | 0.41 | (0.41) | (7.28) | 7.28 |
| CNY | 9.14 | (9.14) | 8.61 | (8.61) |
| Others | 0.20 | (0.20) | (0.31) | 0.31 |

ii Interest rate risk

This refers to risk to Company's cash flow and profits on account of movement in market interest rates.

For the Company the interest risk arises mainly from interest bearing borrowings which are at floating interest rates. To mitigate interest rate risk, the Company closely monitors market interest and as appropriate makes use of hedged products optimised borrowing mix / composition etc.

Notes forming part of the financial statements

a) Interest rate risk exposure

| | (₹ in lakhs) | |
|--------------------------|---------------|---------------|
| | 2018 | 2017 |
| Variable rate borrowings | 18,180 | 17,718 |
| Fixed rate borrowings | 1,061 | 1,665 |
| Total borrowings | 19,241 | 19,383 |

b) Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rate of 50 basis point increase or decrease. The calculations are based on the variable rate borrowings outstanding at balance sheet date. All other parameters are held constant.

| | (₹ in lakhs) | |
|--|---------------|------|
| Impact on profit after tax | (Loss) / Gain | |
| | 2018 | 2017 |
| Interest rates - increase by 50 basis points | (91) | (90) |
| Interest rates - decrease by 50 basis points | 91 | 90 |

42 Capital Management

Risk management

The Company manages its capital structure and makes necessary adjustments in light of changes in economic conditions and the requirement of financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or raise / retire debt. The primary objective of the Company's capital management is to maximise the shareholders' value.

For the purpose of the Company's capital management, equity includes issued capital, securities premium and other reserves. Net debt includes loans less cash and bank balances. The Company manages capital by monitoring gearing ratio which is net debt divided by equity plus net debt.

| | (₹ in lakhs) | |
|--|---------------|---------------|
| The capital composition is as follows: | 2018 | 2017 |
| Gross debt (inclusive of long term and short term borrowing) | 19,241 | 19,384 |
| Less: - Cash and bank balances* | 836 | 147 |
| Net debt | 18,405 | 19,237 |
| Total equity | 65,471 | 62,209 |
| Total capital | 83,876 | 81,446 |
| Gearing Ratio | 22% | 24% |

* Including deposits with banks having original maturity period of more than twelve months of ₹ 20 lakhs (31 March 2017 ₹ 29 lakhs) shown under other non current financial assets.

Loan covenants

Borrowings contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, debt to EBITDA ratio, interest service coverage ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended once the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of adoption of the consolidated financial statements. The Company has also satisfied all other debt covenants prescribed in the respective sanction of bank loan. The deferred sales tax loans and finance leases do not carry any debt covenant.



Notes forming part of the financial statements

43 Share-based payments

Employee stock option plan

- a) During the year 2014-15, the Company had instituted an Essel Employee Stock Option Scheme 2014 ("the Scheme") as approved by the Board of Directors for issuance of stock options to the eligible employees of the Company and of its subsidiaries, other than directors, promoters or person belonging to promoter group.

Subject to terms and conditions of the Scheme, the said options will vest on each of 1 July 2016, 1 July 2017 and 1 July 2018 to the extent mentioned in the letter of grant and can be exercised within a maximum period of four years from the date of vesting. When exercisable, each option is convertible into one equity share of ₹ 2 each fully paid up.

b) Summary of options granted under the Scheme

(₹ in lakhs)

| | 2018 | | 2017 | |
|--|---|-------------------|---|-------------------|
| | Average exercise price per share option (₹) | Number of options | Average exercise price per share option (₹) | Number of options |
| Opening balance | 127.83 | 19,20,842 | 123.97 | 29,92,535 |
| Granted during the year | - | - | 203.56 | 1,52,507 |
| Exercised during the year (Refer Note (i) below) | 121.65 | (80,166) | 121.65 | (57,333) |
| Forfeited during the year | | | | |
| - Non-vested options (Refer Note (ii) below) | 134.96 | (10,39,514) | 126.06 | (11,66,867) |
| - Vested options (Refer Note (iii) below) | 121.65 | (34,334) | - | - |
| Closing balance | | 7,66,828 | | 19,20,842 |
| Vested and exercisable | 121.65 | 7,66,828 | 121.65 | 8,81,328 |

c) Expiry date and exercise prices of the share options outstanding at the end of the year:

| Grant date | Expiry date | Exercise price (₹) | Share options | |
|---|--------------|--------------------|-----------------|------------------|
| | | | 2018 | 2017 |
| 19 March 2015 | 30 June 2020 | 121.65 | 7,66,828 | 8,81,328 |
| 19 March 2015 | 30 June 2022 | 121.65 | - | 8,41,339 |
| 29 October 2015 | 30 June 2022 | 161.00 | - | 45,668 |
| 17 June 2016 | 30 June 2022 | 196.40 | - | 1,13,096 |
| 01 September 2016 | 30 June 2022 | 224.10 | - | 39,411 |
| Total | | | 7,66,828 | 19,20,842 |
| Weighted average remaining contractual life of options outstanding at end of period | | | 2.25 | 4.33 |

Notes forming part of the financial statements

- d) The fair value of each option granted is estimated on the date of grant using the black scholes model with the following assumptions

| Scheme | A | B | C | D |
|--|--------------|--------------|-------------|-------------|
| Grant date | 19-Mar-2015 | 29-Oct-2015 | 17-Jun-2016 | 01-Sep-2016 |
| Weighted average fair value of options granted (₹) | 49.20 | 59.58 | 75.34 | 81.78 |
| Exercise price (₹) | 121.65 | 161.00 | 196.40 | 224.10 |
| Share price at the grant date (₹) | 116.50 | 160.00 | 194.75 | 222.70 |
| Expected volatility | 47.55% | 37.90% | 40.24% | 39.46% |
| Risk free interest rate | 7.64% | 7.52% | 7.28% | 6.87% |
| Dividend yield | 1.28% | 1.28% | 0.93% | 0.93% |
| Expected life of the options (years) | 3.29 to 5.29 | 3.67 to 4.67 | 4.04 | 3.83 |

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

- e) Expense arising from share based payments transactions

| | (₹ in lakhs) | |
|--|--------------|----------|
| | 2018 | 2017 |
| Expense / (credit) arising from share based payments (net) | (342) | 28 |
| Less: Options granted/(forfeited) to/(from) employees of subsidiaries recognised as deemed investment in subsidiaries | (166) | 22 |
| Employee share based payment expense /(credit) recognised in the statement of profit and loss (net) (Refer note 34) | (176) | 6 |

Notes:

- (i) The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2018 was ₹277.77 (31 March 2017: ₹ 249.39).
- (ii) Forfeited on account of non-market performance vesting conditions not achieved.
- (iii) Forfeited on account of employees resigned without exercising

44 Gratuity and other long-term benefit plans

The disclosures of employee benefits as defined in the Ind AS 19 - "Employee Benefits" are given below:

- a. The Company makes annual contributions to the employees' gratuity fund scheme, a funded defined benefit plan which is managed by the LIC of India and HDFC Bank. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
- b. Leave encashment is a non-funded defined benefit scheme. The obligation for leave encashment is recognised in the same manner as gratuity.



Notes forming part of the financial statements

c. Details of post retirement gratuity plan are as follows:-

i. Net expenses recognised during the year in the statement of profit and loss

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| Current service cost | 84 | 66 |
| Interest cost (net) | 76 | 59 |
| Benefits paid by employer | - | 1 |
| Net expenses recognised in the statement of profit and loss | 160 | 126 |

ii. Net expenses recognised during the year in other comprehensive income (OCI)

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | (6) | 1 |
| Actuarial (gains) / losses arising from changes in financial assumptions | 83 | 101 |
| Actuarial (gains) / losses arising from changes in experience assumptions | 38 | 86 |
| Expected return on plan assets excluding interest | (2) | (6) |
| Net expenses recognised in (OCI) | 113 | 182 |

iii. Net liability recognised in the balance sheet

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| Present value of obligation | 1,569 | 1,304 |
| Less: Fair value of plan assets | 559 | 324 |
| Net liability recognised in balance sheet | 1,010 | 980 |

iv. Reconciliation of opening and closing balances of defined benefit obligation

| | (₹ in lakhs) | |
|--|--------------|--------------|
| | 2018 | 2017 |
| Defined benefit obligation as at the beginning of the year | 1,304 | 1,105 |
| Current service cost | 84 | 66 |
| Interest cost | 100 | 87 |
| Actuarial (gain) / loss on obligation | 115 | 188 |
| Liability transferred in/ (paid) | - | (18) |
| Benefits paid | (34) | (124) |
| Defined benefit obligation at the end of the year | 1,569 | 1,304 |

Notes forming part of the financial statements

v. Reconciliation of opening and closing balance of fair value of plan assets

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| Fair values of plan assets at the beginning of the year | 324 | 353 |
| Interest income | 24 | 28 |
| Return on plan assets, excluding interest income | 2 | 6 |
| Employer contribution | 243 | 61 |
| Benefits paid | (34) | (124) |
| Fair value of plan assets at year end | 559 | 324 |

vi. Reconciliation of opening and closing balance of net defined benefit obligation

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| Net defined benefit obligation as at the beginning of the year | 980 | 752 |
| Current service cost | 84 | 66 |
| Interest cost (net) | 76 | 59 |
| Actuarial (gain) / loss on obligation | 115 | 188 |
| Liability transferred in/ (paid) | - | (18) |
| Return on plant assets, excluding interest income | (2) | (6) |
| Employer contribution | (243) | (61) |
| Benefits paid | - | - |
| Net defined benefit obligation at the end of the year | 1,010 | 980 |

vii. Investment details

| | (₹ in lakhs) | |
|------------------------------|--------------|------|
| | 2018 | 2017 |
| Insurer Managed Funds | 559 | 324 |

viii. Actuarial assumptions

| | 2018 | 2017 |
|--|---|---|
| Mortality Table | Indian Assured Lives mortality (2006-08) Ultimate | Indian Assured Lives mortality (2006-08) Ultimate |
| Discount rate(per annum) | 7.87% | 7.71% |
| Expected rate of return on plan assets (per annum) | 7.87% | 7.71% |
| Rate of escalation in salary (per annum) | 6.00% | 5.00% |
| Attrition rate | Service 4 years and below - 10%, others - 1% | Service 4 years and below - 5%, others - 1% |



Notes forming part of the financial statements

ix. Quantitative sensitivity analysis

| | (₹ in lakhs) | |
|---|--------------|-------|
| | 2018 | 2017 |
| Projected benefit obligation on current assumptions | 1,569 | 1,304 |
| Increase by 1% in discount rate | (96) | (41) |
| Decrease by 1% in discount rate | 111 | 45 |
| Increase by 1% in rate of salary increase | 112 | 45 |
| Decrease by 1% in rate of salary increase | (99) | (43) |
| Increase by 1% in rate of employee turnover | 15 | 10 |
| Decrease by 1% in rate of employee turnover | (17) | (10) |

x. Maturity analysis of projected benefit obligation: from the fund

| | (₹ in lakhs) | |
|---|--------------|-------|
| | 2018 | 2017 |
| Projected benefits payable in future years from the date of reporting | | |
| 1st Following Year | 239 | 221 |
| 2nd Following Year | 33 | 26 |
| 3rd Following Year | 524 | 30 |
| 4th Following Year | 49 | 505 |
| 5th Following Year | 61 | 43 |
| Sum of years 6 to 10 | 460 | 350 |
| Sum of Years 11 and above | 1,916 | 1,475 |

Notes:

- 1 Amounts recognised as an expense and included in the Note 34 "Employee benefits expense" are gratuity ₹ 84 lakhs (31 March 2017 ₹ 66 lakhs) and leave encashment ₹ 153 lakhs (31 March 2017 ₹ 241 lakhs). Net interest cost on defined benefit obligation recognised in Note 35 under "Finance costs" is ₹ 76 lakhs (31 March 2017 ₹ 59 lakhs).
- 2 The estimate of future salary increases considered in the actuarial valuation takes into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- 3 "Contribution to provident and other funds" which is a defined contribution plan is recognised as an expense in Note 34 of the financial statements.

45 Dividends paid and proposed

| | (₹ in lakhs) | |
|--|--------------|-------|
| | 2018 | 2017 |
| a. Dividends on equity shares declared and paid | | |
| Final dividend paid in current year for the year ended 31 March 2017 ₹ 2.40 per share (paid in previous year for the year ended 31 March 2016: ₹ 2.20 per share) | 3,770 | 3,455 |
| Dividend distribution tax on above | 768 | 703 |
| b. Proposed dividends on equity shares | | |
| Final dividend proposed for the year ended 31 March 2018 ₹ 2.40 per share (31 March 2017: ₹ 2.40 per share) | 3,772 | 3,770 |
| Dividend distribution tax on above | 775 | 768 |

Proposed dividends on equity shares are subject to approval of shareholders at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at the reporting date.

Notes forming part of the financial statements

46 Collateral / security pledged

The carrying amount of assets pledged as security for current and non-current borrowings of the Company and for a loan of USD 11.50 Million (31 March 2017: USD 12.50 Million) availed by a subsidiary are as under:

| | (₹ in lakhs) | |
|--|---------------|---------------|
| | 2018 | 2017 |
| Property, plant and equipment | 34,652 | 36,087 |
| Inventories | 8,305 | 6,673 |
| Other current and non-current assets excluding investments | 31,700 | 29,065 |
| Total assets pledged | 74,657 | 71,825 |

47 Contingent liabilities and commitments (to the extent not provided for)

i) Contingent liabilities

| | (₹ in lakhs) | |
|---|--------------|-------|
| | 2018 | 2017 |
| A. Claims against the Company not acknowledged as debt | | |
| (a) Disputed indirect taxes | 2,991 | 2,340 |
| (b) Disputed direct taxes | 3,809 | 3,023 |
| (c) Deferred sales tax liability assigned | 340 | 474 |
| (d) Other claims not acknowledged as debts | 50 | 50 |

| | (₹ in lakhs) | |
|---|--------------|------|
| | 2018 | 2017 |
| B. Guarantees excluding financial guarantees | | |
| Bank guarantees given by the Company | 278 | 271 |

| | (₹ in lakhs) | |
|--|--------------|-------|
| | 2018 | 2017 |
| C. Other money for which the Company is contingently liable | | |
| (a) Unexpired letters of credit (net of liability provided) | 40 | 25 |
| (b) Duty benefit availed under EPCG scheme, pending export obligations | 2,831 | 3,012 |

| | (₹ in lakhs) | |
|---|--------------|-------|
| | 2018 | 2017 |
| D. Capital commitments | | |
| Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) | 2,178 | 1,676 |

| | (₹ in lakhs) | |
|--|--------------|--------|
| | 2018 | 2017 |
| E. Financial guarantees provided | | |
| Corporate guarantees and letter of comfort given for loans taken by subsidiaries. Loans outstanding against these guarantees and letter of comfort is ₹ 40,553 lakhs (31 March 2017: ₹ 46,332 lakhs) | 52,775 | 60,194 |

48 Insurance claim receivable of ₹ 193 lakhs (31 March 2017: ₹ 193 lakhs) is in respect of transit damage to certain plant and machinery, which is under litigation before National Consumer Dispute Redressal Commission, New Delhi (Refer Note 16).



Notes forming part of the financial statements

49 Leases

a. Finance Lease

The Company has acquired plant and machinery and equipment under finance lease which are capitalised under property, plant and equipment. The minimum lease payments required under the finance lease that have initial or remaining non-cancellable lease terms in excess of one year as at 31 March 2018 and their present value are as follows:

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| Minimum lease payment as at 31 March | | |
| Not later than one year | 188 | 395 |
| Later than one year but not later than five years | - | 189 |
| Total minimum lease payments | 188 | 584 |
| Less: Amount representing finance charges | 5 | 58 |
| Present value of minimum lease payments as at 31 March | 183 | 526 |
| Not later than one year | 183 | 345 |
| Later than one year but not later than five years | - | 181 |

b. Operating Lease

The Company has taken office and factory units, residential facilities, plant and machinery (including equipment), IT assets, vehicles, etc. under cancellable/ non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of these leases varies from eleven to one hundred and eight months. The rental obligations are as follows:

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| Lease rental charges for the year | 2,107 | 2,355 |
| Future lease rental obligation payable (under non-cancellable leases) as at 31 March | | |
| Not later than one year | 1,679 | 1,913 |
| Later than one year but not later than five years | 4,962 | 4,121 |
| Later than five years | 2,039 | 2,141 |
| Total | 8,680 | 8,175 |

50 Segment information

The financial statements of the Company contain both the consolidated financial statements as well as the separate financial statements. Hence, the Company has presented segment information on the basis of the consolidated financial statements as permitted by Ind AS 108 "Operating Segments." The Company has only one major identifiable business segment viz. Plastic Packaging Material.

51 Information required under Section 186(4) of the Companies Act, 2013

a. Loans given

| Name of the Party | | | | (₹ in lakhs) |
|---|-------|-------|--------|--------------|
| | 2017 | Given | Repaid | 2018 |
| Sprit Infrapower & Multiventures Private Limited* (excluding interest receivable) | 9,607 | - | - | 9,607 |

* Name changed from Sprit Textiles Private Limited w.e.f. 2 November, 2017.

b. Investments made

There are no investments other than disclosed in Note 6 - Non-current investments.

Notes forming part of the financial statements

c. Corporate guarantees and letter of confort given on behalf of subsidiaries

| | | (₹ in lakhs) | |
|--|---------------|---------------|--|
| Name of the Subsidiary | 2018 | 2017 | |
| i. Lamitube Technologies Limited , Mauritius | 33,892 | 46,102 | |
| ii. Essel Propack Polska Sp. Z.O.O., Poland | 11,552 | 12,633 | |
| iii. Essel Propack LLC, USA | 7,331 | 1,459 | |
| | 52,775 | 60,194 | |

d. Security provided for loan availed by the subsidiary

| | | (₹ in lakhs) | |
|--|-------|--------------|--|
| Name of the Subsidiary | 2018 | 2017 | |
| Lamitube Technologies Limited, Mauritius | 8,147 | 8,106 | |

Notes

- i. All the loans/guarantees and security given are for general business purposes.
- ii. The loan is interest bearing and is at arm's length.
- iii. Security provided by the Company in clause (d) above is collateral to the corporate guarantee given in clause c (i) above.
- iv. The outstanding loan amount availed by the subsidiaries against the corporate guarantees/ letter of confort given and security provided by the Company is ₹ 40,553 lakhs (31 March 2017 ₹ 46,332 lakhs).
- v. Amounts disclosed in (c) and (d) are translated at respective year-end foreign exchange rates.

52 Disclosure as required by Schedule V (A)(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Investments by Loanee in the equity shares of the Company as at 31 March 2018

| Name of the Subsidiary | Number of fully paid up equity shares | |
|--|---------------------------------------|----------|
| | 2018 | 2017 |
| Sprit Infrapower & Multiventures Private Limited | 7,84,025 | 7,84,025 |

53 Micro, Small and Medium Enterprises

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 ("The Act") are given as follows:

| | | (₹ in lakhs) | |
|---|-------|--------------|--|
| Name of the Subsidiary | 2018 | 2017 | |
| i. Principal amount payable to suppliers under the Act | | | |
| - For capital goods | - | - | |
| - For Others | 408 | 299 | |
| ii. Principal amount due to suppliers under the Act | - | - | |
| iii. Interest accrued and due to suppliers under the Act, on the above amount | - | - | |
| iv. Payment made to suppliers (Other than interest) beyond the appointed day, during the year | 3,670 | 2,856 | |
| v. Interest paid to suppliers under the Act | - | - | |
| vi. Interest due and payable to suppliers under the Act, for payments already made | 7 | 8 | |
| vii. Interest accrued and remaining unpaid at the end of the year under the Act | 33 | 26 | |

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.



Notes forming part of the financial statements

54 Related party disclosures

a. List of related parties

i. Ultimate holding company

Rupee Finance and Management Private Limited (ceased to be ultimate holding company w.e.f. 6 October 2016 pursuant to the scheme of amalgamation -Refer note 58)

ii. Holding company

Whitehills Advisory Services Private Limited (ceased to be holding company w.e.f. 6 October 2016 pursuant to the scheme of amalgamation - Refer note 58)

iii. Subsidiary companies

| Name of the subsidiary | Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiaries) | | Country of Incorporation |
|---|---|------|--------------------------|
| | 2018 | 2017 | |
| Direct subsidiaries | | | |
| Arista Tubes Inc. * | 100% | 100% | United States of America |
| Lamitube Technologies (Cyprus) Limited | 100% | 100% | Cyprus |
| Lamitube Technologies Limited | 100% | 100% | Mauritius |
| Step down subsidiaries | | | |
| The Egyptian Indian Company for Modern Packaging S.A.E. # | - | 75% | Egypt |
| Essel Propack MISR for Advanced Packaging S.A.E. | 75% | 75% | Egypt |
| Lamitube Hong Kong Trading Company Limited # | - | 100% | Hong Kong |
| Essel Packaging (Guangzhou) Limited | 100% | 100% | China |
| Essel Packaging (Jiangsu) Limited | 100% | 100% | China |
| Essel Propack Philippines, Inc | 100% | 100% | Philippines |
| MTL de Panama S.A. | 100% | 100% | Panama |
| Arista Tubes Limited | 100% | 100% | United Kingdom |
| Essel Propack UK Limited | 100% | 100% | United Kingdom |
| Essel de Mexico, S.A. de C.V. | 100% | 100% | Mexico |
| Tubopack de Colombia S.A. | 100% | 100% | Colombia |
| Essel Propack LLC | 100% | 100% | Russia |
| Essel de Colombia S.A.S. | 100% | 100% | Colombia |
| Essel Propack Polska Sp. Z.O.O. | 100% | 100% | Poland |
| Essel Deutschland GmbH & Co.,KG Dresden ## | 100% | 100% | Germany |
| Essel Deutschland Management GmbH ## | 100% | 100% | Germany |
| Essel Propack America, LLC | 100% | 100% | United States of America |

* 7.35% is held through Lamitube Technologies (Cyprus) Limited

Liquidated / de-registered during the year.

Ceased to be joint ventures and became wholly owned subsidiaries w.e.f. 30 September 2016 (Refer note (v) below)

Notes forming part of the financial statements

iv. Associate company

| Name of Company | Extent of Holding | | Country of Incorporation |
|----------------------|-------------------|------|--------------------------|
| | 2018 | 2017 | |
| P.T. Lamipak Primula | 30% | 30% | Indonesia |

v. Joint ventures

| Name of Company | Extent of Holding | | Country of Incorporation |
|---|-------------------|------|--------------------------|
| | 2018 | 2017 | |
| Essel Deutschland Management GmbH ## | -- | -- | Germany |
| Essel Deutschland GmbH & Co. KG, Dresden ## | -- | -- | Germany |

Ceased to be joint ventures (extent of holding 24.9%) and became wholly owned subsidiaries w.e.f. 30 September 2016

vi. Other related parties with whom transactions have taken place during the year and balances outstanding at the year-end

Other related parties

Aqualand (India) Limited, Ayepee Lamitubes Limited, Ganjam Trading Company Private Limited, Pan India Paryatan Private Limited, Sprit Infrapower & Multiventures Private Limited (formerly Sprit Textiles Private Limited), ITZ Cash Card Limited, Shrotra Enterprises Private Limited.

vii. Key management personnel / Directors

| | |
|-------------------------------|---|
| Executive director | Mr. Ashok Goel (Chairman and Managing Director) |
| Independent director | Mr. Boman Moradian |
| Independent director | Mr. Mukund M. Chitale |
| Independent director | Ms. Radhika Pereira |
| Non-executive director | Mr. Atul Goel |

viii. Transactions with related parties

| | | (₹ in lakhs) | |
|--|--|--------------|--------------|
| (I) Transactions | | 2018 | 2017 |
| a) Sales to and recoveries from | | | |
| Subsidiaries | | 1,772 | 2,550 |
| | Essel Propack Polska Sp.Z.O.O. | 435 | 455 |
| | Essel Propack America, LLC | 66 | 80 |
| | Essel Propack MISR for Advanced Packaging S.A.E. | 402 | 648 |
| | Essel Packaging (Guangzhou) Limited | 128 | 229 |
| | Essel Propack Russia, LLC | 277 | 446 |
| | Essel Deutschland GmbH & Co., KG Dresden | 336 | 490 |
| | Others | 128 | 202 |
| Joint ventures / Associate | | - | 105 |
| | Essel Deutschland GmbH & Co., KG Dresden | - | 91 |
| | P.T. Lamipack Primula | - | 14 |
| Other related parties | | 21 | - |
| | Shrotra Enterprises Private Limited | 21 | - |



Notes forming part of the financial statements

| | | (₹ in lakhs) | |
|-----------|--|--------------|--------------|
| (l) | Transactions | 2018 | 2017 |
| b) | Royalty/Service charges income | | |
| | Subsidiaries | 1,462 | 1,347 |
| | Essel Packaging (Guangzhou) Limited | 894 | 888 |
| | Essel Propack MISR for Advanced Packaging S.A.E. | 234 | 253 |
| | Essel Propack Polska Sp.Z.O.O. | 36 | 37 |
| | Essel Propack America, LLC | 27 | 29 |
| | Essel Deutschland GmbH & Co., KG Dresden | 210 | 105 |
| | Others | 61 | 35 |
| | Joint ventures / Associate | - | 110 |
| | Essel Deutschland GmbH & Co., KG Dresden | - | 110 |
| c) | Guarantee commission income | | |
| | Subsidiaries | 433 | 449 |
| | Lamitube Technologies Limited | 331 | 330 |
| | Essel Propack Polska Sp.Z.O.O. | 100 | 113 |
| | Others | 2 | 6 |
| d) | Sale of property, plant and equipment | | |
| | Subsidiaries | - | 315 |
| | Essel de Columbia S.A.S. | - | 54 |
| | Essel Packaging (Guangzhou) Limited | - | 261 |
| e) | Purchase of goods and services | | |
| | Subsidiaries | 14 | 42 |
| | Essel Propack America, LLC | 1 | 31 |
| | Essel Propack Polska Sp. Z.O.O. | 2 | 4 |
| | Essel Packaging (Guangzhou) Limited | 4 | 3 |
| | Others | 7 | 4 |
| | Other related parties | 53 | 21 |
| | ITZ Cash Card Limited | 53 | 21 |
| f) | Purchase of property, plant and equipment | | |
| | Subsidiaries | 1 | 1,532 |
| | Essel Propack America, LLC | 1 | 1 |
| | Essel Deutschland GmbH & Co., KG Dresden | - | 472 |
| | Essel Propack Polska Sp. Z.O.O. | - | 1,026 |
| | Others | - | 33 |
| g) | Rent expenses | | |
| | Other related parties | 1,017 | 934 |
| | Ayeppee Lamitubes Limited | 10 | 40 |
| | Ganjam Trading Company Private Limited | 1,007 | 875 |
| | Others | - | 19 |
| h) | Guarantee commission paid | 449 | 513 |
| | Aqualand (India) Limited | 449 | 513 |
| i) | Loans/deposits given | | |
| | Other related parties | - | 550 |
| | Ganjam Trading Company Private Limited | - | 550 |
| j) | Repayment of loans/deposits given | | |
| | Other related parties | 1,250 | 975 |
| | Ayeppee Lamitubes Limited | 1,250 | - |
| | Ganjam Trading Company Private Limited * | - | 975 |

Notes forming part of the financial statements

| | | (₹ in lakhs) | |
|--|--------------|--------------|--|
| (I) Transactions | 2018 | 2017 | |
| k) Interest income on loans given | | | |
| Other related parties | 1,136 | 1,297 | |
| Ganjam Trading Company Private Limited * | - | 111 | |
| Sprit Infrapower & Multiventures Private Limited | 1,136 | 1,186 | |
| l) Remuneration paid/provided | 640 | 717 | |
| Mr. Ashok Goel | 640 | 717 | |
| m) Commission to directors | 45 | 45 | |
| Mr. Boman Moradian | 15 | 15 | |
| Mr. Mukund M. Chitale | 15 | 15 | |
| Ms. Radhika Pereira | 15 | 15 | |
| n) Sitting fees | 7 | 9 | |
| Mr. Boman Moradian | 3 | 4 | |
| Mr. Mukund M. Chitale | 2 | 3 | |
| Ms. Radhika Pereira | 2 | 2 | |

* Repayment received of loan taken over in books pursuant to scheme of amalgamation (Refer note 58) and interest thereon.

| | | (₹ in lakhs) | |
|--|---------------|---------------|--|
| (II) Balances outstanding | 2018 | 2017 | |
| a) Trade receivables | | | |
| Subsidiaries | 470 | 480 | |
| Essel Propack America, LLC | 4 | 4 | |
| Essel Packaging (Guangzhou) Limited | 182 | 182 | |
| Essel Propack MISR for Advanced Packaging S.A.E. | 53 | 98 | |
| Essel Propack Russia, LLC | 130 | 74 | |
| Essel Deutschland Gmbh & Co., KG Dresden | 58 | 26 | |
| Essel Columbia SAS | 5 | 53 | |
| Essel Propack Polska Sp. Z.O.O. | 38 | - | |
| Others | - | 43 | |
| Other related parties | - | 1 | |
| Shrotra Enterprises Private Limited | - | 1 | |
| b) Loans / deposits given (including interest receivable) | | | |
| Other related parties | 11,479 | 12,774 | |
| Ayeppee Lamitubes Limited | - | 1,250 | |
| Sprit Infrapower & Multiventures Private Limited | 10,629 | 10,674 | |
| Others | 850 | 850 | |
| c) Other receivables | | | |
| Subsidiaries | 234 | 176 | |
| Essel Propack America, LLC | 29 | 23 | |
| Essel Propack MISR for Advanced Packaging S.A.E. | 52 | 23 | |
| Essel Packaging (Guangzhou) Limited | 60 | 61 | |
| Essel Propack Polska Sp.Z.O.O. | 29 | 36 | |
| Others | 64 | 33 | |



Notes forming part of the financial statements

| | | (₹ in lakhs) | |
|---|--|---------------|---------------|
| (II) Balances outstanding | | 2018 | 2017 |
| d) Trade and other payables | | | |
| Subsidiaries | | 15 | 58 |
| Essel Propack America, LLC | | 7 | 12 |
| Essel Propack Polska Sp.Z.O.O. | | 2 | 42 |
| Others | | 6 | 4 |
| Other related parties | | 38 | - |
| Ganjam Trading Company Private Limited | | 35 | - |
| Ayeppee Lamitubes Limited | | 3 | - |
| e) Investments in equity/preference shares | | | |
| Subsidiaries | | 21,692 | 21,692 |
| Lamitube Technologies Limited | | 8,994 | 8,994 |
| Lamitube Technologies (Cyprus) Limited | | 5,255 | 5,255 |
| Arista Tubes Inc. | | 7,443 | 7,443 |
| f) Guarantees and letter of comfort provided for loans availed by subsidiaries | | | |
| Subsidiaries | | 52,775 | 60,194 |
| Lamitube Technologies Limited | | 33,892 | 46,102 |
| Essel Propack Polska Sp. Z.O.O. | | 11,552 | 12,633 |
| Essel Propack America, LLC | | 7,331 | 1,459 |
| g) Guarantees / securities provided on Company's behalf | | | |
| Other related parties | | 16,000 | 25,400 |
| Aqualand (India) Limited | | 16,000 | 25,400 |
| Loan outstanding ₹ 7,440 lakhs (31 March 2017: ₹ 15,557 lakhs) | | | |
| h) Remuneration payable (Performance bonus) | | 153 | 233 |
| Mr. Ashok Goel | | 153 | 233 |
| i) Commission payable (gross) | | 45 | 45 |
| Mr. Boman Moradian | | 15 | 15 |
| Mr. Mukund M. Chitale | | 15 | 15 |
| Ms. Radhika Pereira | | 15 | 15 |

Notes:

- i) All transactions with related parties are made on arm's length basis in the ordinary course of business. The outstanding balances at year end are unsecured due to be settled for consideration in cash.
- ii) The above disclosures are excluding Ind AS adjustments.

ix. Break up of remuneration of key management personnel of the Company

| | | (₹ in lakhs) | |
|---|--|--------------|------------|
| | | 2018 | 2017 |
| Chairman and Managing director | | | |
| i. Salaries, allowances and perquisites ^ | | 450 | 448 |
| ii. Contribution to provident and other funds | | 37 | 36 |
| iii. Performance bonus * | | 153 | 233 |
| Total | | 640 | 717 |

Notes forming part of the financial statements

^ Excludes leave encashment and gratuity liability provided in the books on the basis of actuarial valuation on an overall Company basis. Further the Essel Employee Stock Option Scheme 2014 does not extend to chairman and managing director, hence there is no share based compensation benefit.

* The performance bonus for the current year has been provided in the accounts as recommended by the nomination and remuneration committee and approved by the Board of Directors. The total remuneration to Managing Director computed as per the Companies Act, 2013 is within limits prescribed u/s 197 of the Companies Act, 2013.

55 Dividend of ₹ 3 lakhs (31 March 2017 ₹ 2 lakhs) unclaimed for a period of more than seven years is transferred to Investor Education and Protection Fund during the year. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2018.

56 Corporate Social Responsibility (CSR)

During the year, the Company has towards various CSR initiatives spent ₹ 78 lakhs (31 March 2017 ₹ 42 lakhs) as against ₹ 179 lakhs (31 March 2017 ₹ 165 lakhs) as required by Section 135 read with Schedule VII of the Companies Act 2013. CSR spend has been charged to the statement of profit and loss under "Other expenses" in line with ICAI guidance note issued in May 2015.

57 Research and Development expenditure (R&D)

During the year, the Company has incurred total R & D expenditure of ₹ 532 lakhs (31 March 2017 ₹ 562 lakhs) including capital expenditure of ₹ Nil (31 March 2017 ₹ 66 lakhs), out of which the company has claimed weighted tax deduction on eligible R & D expenditure of ₹ 440 lakhs (31 March 2017 ₹ 470 lakhs) including capital expenditure of ₹ Nil (31 March 2017 ₹ 66 lakhs) under section 35(2AB) of the Income Tax Act, 1961.

58 Scheme of Amalgamation

i A Scheme of Amalgamation of the holding company Whitehills Advisory Services Private Limited ("transferor company") with Essel Propack Limited ("transferee company") and their respective shareholders (the Scheme) was sanctioned by the Hon'ble High Court of Judicature at Mumbai vide its order dated 1 September 2016. The Scheme became effective on 6 October 2016 and consequently all assets, liabilities and reserves of transferor company vested with the Company on the appointed date i.e. 1 November 2015 at their respective book values. Accordingly, the financial statements for the year ended 31 March 2017 includes the transactions of the transferor company.

ii Pursuant to the Scheme:-

- 88,829,014 and 88,829 equity shares of ₹ 2 each fully paid up of the Company were allotted to the participating preference shareholders and equity shareholders respectively of the transferor company and equivalent number of equity shares of ₹ 2 each fully paid up held by the transferor company were cancelled. There was no change in the paid up equity share capital of the Company post allotment of the above equity shares.
- The net assets taken over were credited to capital reserve and expenses incurred in relation to and in connection with the Scheme were debited to capital reserve as detailed below:

| Assets and Liabilities | ₹ in lakhs | ₹ in lakhs |
|--|-------------------|-------------------|
| Cash and bank balances | 30 | |
| Long term loans and advances | 975 | |
| Current assets | 2 | |
| Current liabilities | (11) | |
| Net assets taken over | | 996 |
| Credited to capital reserve | | 996 |
| Less: Expenses incurred in connection with the Scheme debited to capital reserve | | (996) |
| | | - |



Notes forming part of the financial statements

59 Goods and Services tax

Following the commencement of Goods and Services Tax (GST) with effect from 1 July 2017, Revenue from operations for the period beginning 1 July 2017 is reported net of GST recovered, as required by Ind AS. However, prior to GST regime excise duty recovered was included as part of Revenue from operations for the reporting period till 30 June 2017 as required by Ind AS. Accordingly, the revenue from operations for the year ended 31 March 2018 are not comparable with the corresponding previous years presented in the financial results. To facilitate comparison, the following additional information is being provided:

| | (₹ in lakhs) | |
|--|---------------|---------------|
| | 2018 | 2017 |
| Revenue from operations as reported* | 85,225 | 88,105 |
| Excise duty included in above (till 30 June 2017) | 2,254 | 8,565 |
| Revenue from operations excluding excise duty | 82,971 | 79,540 |

* Effective 1 July 2017 following transition to GST, revenue is reported net of GST recovered.

60 Reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities as required by Ind AS 7 "Statement of Cash Flows" is as under:

| | (₹ in lakhs) | | | | | |
|--|------------------------|-----------------|------------------|---------------------|------------------|------------------------|
| | As at 31 March 2017 | Cash inflows | Cash outflows | Non-cash changes | | As at 31 March 2018 |
| | | | | Interest accrued | Other changes | |
| Equity share capital | 3,143 | 2 | - | - | - | 3,145 |
| Securities premium | 10,987 | 96 | - | - | 35 | 11,118 |
| Non-convertible debentures (including current maturities) | 8,969 | 5,000 | (5,000) | 154 | (11) | 9,112 |
| Long-term borrowings (including current maturities) | 8,047 | - | (3,742) | 7 | - | 4,312 |
| Finance lease (including current maturities) | 526 | - | (343) | - | - | 183 |
| Short-term borrowings | 1,795 | 16,330 | (12,443) | 17 | - | 5,699 |

61 Prior period comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classifications / disclosures.

As per our attached report of even date

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ramaswamy Subramanian
Partner
Membership Number 016059

Place: Mumbai
Date: 26 April 2018

For and on behalf of the Board

Ashok Goel
Chairman & Managing Director

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

} Directors

A.V. Ganapathy
Chief Financial Officer

Suresh Savaliya
Company Secretary & Head - Legal

Statement of cash flows

for the year ended 31 March 2018

| | (₹ in lakhs) | |
|--|----------------|----------------|
| | 2018 | 2017 |
| A Cash flow from operating activities | | |
| Profit before tax | 12,168 | 9,427 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 6,866 | 6,021 |
| Share-based payment (credit)/expense (net) (Refer Note 43) | (176) | 6 |
| Interest expense | 1,335 | 1,370 |
| Interest income | (1,478) | (1,280) |
| Unwinding of discount on security deposits | (89) | (183) |
| Net gain on disposal of property, plant and equipment | (197) | (38) |
| Gain on sale of current investments | (7) | (3) |
| Bad and doubtful debts (net of provision) | 187 | 60 |
| Remeasurement gain/(loss) on defined benefit plan | (113) | (182) |
| Deferred rent amortisation | 95 | 179 |
| Amortisation of ancillary borrowing costs | 56 | 26 |
| Exchange adjustments (net) | 40 | 90 |
| Operating profit before working capital changes | 18,687 | 15,493 |
| Adjustments for: | | |
| (Increase) / decrease in trade and other receivables | (1,673) | (1,557) |
| (Increase) / decrease in inventories | (1,632) | (140) |
| Increase / (decrease) in trade and other payables | 824 | 925 |
| Cash generated from operations | 16,206 | 14,721 |
| Direct taxes paid (net of refunds) | (4,362) | (2,045) |
| Net cash from operating activities (A) | 11,844 | 12,676 |
| B Cash flow from investing activities | | |
| Purchase of property, plant and equipment (including capital work-in-progress) | (6,714) | (10,474) |
| Sale of property, plant and equipment | 299 | 315 |
| Decrease in other bank balances | (13) | (26) |
| Repayment received of loan taken over pursuant to scheme of amalgamation (Refer note 58) | - | 975 |
| Purchase of current investments | (17,205) | (4,551) |
| Sale of current investments | 17,212 | 4,554 |
| (Increase)/decrease in other receivables of subsidiaries (net) | (58) | 186 |
| Interest received | 1,197 | 2,854 |
| Net cash from/ (used in) Investing activities (B) | (5,282) | (6,167) |



Statement of cash flows

for the year ended 31 March 2018

(₹ in lakhs)

| | 2018 | 2017 |
|---|----------------|----------------|
| C Cash flow from financing activities | | |
| Proceeds from issue of equity shares [including securities premium of ₹ 96 lakhs (31 March 2017: ₹ 69 lakhs)] | 98 | 70 |
| Proceeds from issue of non-convertible debentures | 5,000 | - |
| Redemption of non-convertible debentures | (5,000) | - |
| Proceeds from long-term borrowings | - | 1,368 |
| Repayment of long-term borrowings | (3,742) | (1,886) |
| Proceeds from short-term borrowings | 14,349 | 9,554 |
| Repayment of short-term borrowings | (12,443) | (9,500) |
| Increase in other borrowings (net) | 1,981 | 494 |
| Principal payment under finance lease | (343) | (302) |
| Interest paid | (1,252) | (1,370) |
| Ancillary borrowing costs incurred | (10) | - |
| Dividend paid (including tax) | (4,524) | (4,142) |
| Expenses incurred pursuant to the scheme of amalgamation (Refer note 58) | - | (996) |
| Net cash used in financing activities (C) | (5,886) | (6,710) |
| Net changes in cash and cash equivalents (A+B+C) | 676 | (201) |
| Cash and cash equivalents at the beginning of the year | 41 | 212 |
| Cash and cash equivalents acquired pursuant to the scheme of amalgamation (Refer note 58) | - | 30 |
| Cash and cash equivalents at the end of the year | 717 | 41 |

Notes:

- As required by Ind AS 7 "Statement of Cash Flows", a reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities is given in note 60 of the financial statements.
- Previous year figures are regrouped / reclassified wherever necessary.

As per our attached report of even date

For and on behalf of the Board

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ashok Goel
Chairman & Managing Director

A.V. Ganapathy
Chief Financial Officer

Ramaswamy Subramanian
Partner
Membership Number 016059

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

} Directors

Suresh Savaliya
Company Secretary & Head - Legal

Place: Mumbai
Date: 26 April 2018

Independent Auditor's Report

To
The Members of
Essel Propack Limited

1. Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Essel Propack Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate which comprise the consolidated balance sheet as at 31 March 2018, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate 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

financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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 5 of the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



4. Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements and on the other financial information of subsidiaries referred to below in the Other matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2018 and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

5. Other matters

- (a) We did not audit the financial statements of nineteen subsidiaries (including one subsidiary liquidated during the year) whose financial statements reflect total assets of ₹ 296,175 lakhs as at 31 March 2018, total revenues of ₹ 188,335 lakhs, total net profit after tax of ₹ 20,541 lakhs, total comprehensive income of ₹ 20,880 lakhs and total cash inflows of ₹ 4,385 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Section 143(3) of the Act, in so far as it relates to these subsidiaries, is based solely on the reports of the other auditors.
- (b) The consolidated financial statements include Group's share of net loss after tax of ₹ 104 lakhs for the year ended 31 March 2018, as considered in these consolidated financial statements, in respect of an associate whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the aforesaid associate and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements.

Our opinion on the consolidated financial statements and our Report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

- (c) The comparative financial information of the Group and its associate for the year ended 31 March 2017 included in these consolidated financial statements, have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 23 May 2017 expressed an unmodified opinion which has been relied upon by us.

6. Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the Directors of the Holding Company as on 31 March 2018 and taken on record by the Board of Directors of the Holding Company, none of the

Directors of the Holding Company is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act; and

- (f) 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 financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - ii. The Group did not have any long-term contracts including derivative contracts

- having any material foreseeable losses; and
- iii. There has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ramaswamy Subramanian
Partner
Membership Number 016059

Mumbai, 26 April 2018



Consolidated Balance Sheet

as at 31 March 2018

| | Note | 2018 | 2017 |
|---|--------|----------------|----------------|
| (₹ in lakhs) | | | |
| Assets | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 4(a) | 112,343 | 111,668 |
| (b) Capital work-in-progress | 4(b) | 3,205 | 1,144 |
| (c) Goodwill | | 1,423 | 1,423 |
| (d) Other intangible assets | 4(c) | 4,650 | 4,855 |
| (e) Intangible assets under development | 4(d) | 961 | 789 |
| | | 122,582 | 119,879 |
| (f) Investments accounted for using the equity method | 5 | 1,310 | 1,526 |
| (g) Financial assets | | | |
| (i) Loans | 6 | 1,358 | 2,453 |
| (ii) Others | 7 | 20 | 29 |
| | | 1,378 | 2,482 |
| (h) Deferred tax assets (net) | 56 (c) | 543 | 904 |
| (i) Non-current tax assets (net) | 8 | 2,123 | 2,107 |
| (j) Other non-current assets | 9 | 4,125 | 2,574 |
| Total non-current assets | | 132,061 | 129,472 |
| Current assets | | | |
| (a) Inventories | 10 | 28,639 | 24,598 |
| (b) Financial assets | | | |
| (i) Trade receivables | 11 | 45,904 | 37,662 |
| (ii) Cash and cash equivalents | 12 | 11,574 | 8,203 |
| (iii) Bank balances other than cash and cash equivalents | 13 | 5,784 | 2,081 |
| (iv) Loans | 14 | 11,278 | 11,198 |
| (v) Others | 15 | 239 | 200 |
| (c) Current tax assets (net) | 16 | 78 | 262 |
| (d) Other current assets | 17 | 9,903 | 12,194 |
| Total current assets | | 113,399 | 96,398 |
| Total assets | | 245,460 | 225,870 |
| Equity and liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 18 | 3,145 | 3,143 |
| (b) Other equity | 19 | 121,914 | 100,756 |
| (c) Non-controlling interest | | 430 | 572 |
| Total equity | | 125,489 | 104,471 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| Borrowings | 20 | 44,922 | 60,496 |
| (b) Provisions | 21 | 2,359 | 2,330 |
| (c) Deferred tax liabilities (net) | 56 (c) | 3,566 | 4,076 |
| Total non-current liabilities | | 50,847 | 66,902 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 22 | 14,505 | 8,688 |
| (ii) Trade payables | 23 | 18,842 | 14,732 |
| (iii) Others | 24 | 29,504 | 25,944 |
| (b) Other current liabilities | 25 | 3,214 | 2,822 |
| (c) Provisions | 26 | 592 | 644 |
| (d) Current tax liabilities (net) | 27 | 2,467 | 1,667 |
| Total current liabilities | | 69,124 | 54,497 |
| Total equity and liabilities | | 245,460 | 225,870 |
| Notes forming part of the consolidated financial statements | 1 - 62 | | |

As per our attached report of even date

For and on behalf of the Board

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ashok Goel
Chairman & Managing Director

A.V. Ganapathy
Chief Financial Officer

Ramaswamy Subramanian
Partner
Membership Number 016059
Place: Mumbai
Date: 26 April 2018

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

} Directors

Suresh Savaliya
Company Secretary & Head - Legal

Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

| | Note | 2018 | 2017 |
|--|------|----------------|----------------|
| (₹ in lakhs) | | | |
| Income | | | |
| Revenue from operations | 28 | 244,642 | 238,794 |
| Other income | 29 | 1,318 | 2,033 |
| Interest income | 30 | 1,319 | 1,497 |
| Total income | | 247,279 | 242,324 |
| Expenses | | | |
| Cost of materials consumed | 31 | 105,341 | 101,213 |
| Changes in inventories of finished goods and goods-in-process | 32 | (1,681) | (424) |
| Excise duty on sale of goods | 51 | 2,254 | 8,565 |
| Employee benefits expense | 33 | 43,390 | 40,521 |
| Finance costs | 34 | 5,491 | 5,812 |
| Depreciation and amortisation expense | 35 | 16,707 | 14,148 |
| Other expenses | 36 | 48,863 | 46,730 |
| Total expenses | | 220,365 | 216,565 |
| Profit before share of profit/(loss) of an associate / joint ventures and exceptional items | | 26,914 | 25,759 |
| Share of profit /(loss) of an associate and joint ventures | | (104) | 105 |
| Profit before exceptional items and tax | | 26,810 | 25,864 |
| Exceptional items (net) | 44 | 498 | (1,565) |
| Profit before tax | | 26,312 | 27,429 |
| Tax expense | 56 | | |
| Current tax | | 9,124 | 7,084 |
| Deferred tax charge/(credit) | | (233) | 785 |
| Total tax expense | | 8,891 | 7,869 |
| Profit for the year | | 17,421 | 19,560 |
| Other comprehensive income (OCI) | | | |
| Items that will not be reclassified to profit or loss | | | |
| - Remeasurement gains/(losses) on defined benefit plan | 52 | (75) | (222) |
| Income tax effect on above | | 29 | 75 |
| - Capital reserve on bargain purchase | 54 | - | 7 |
| - Share of OCI of associate | | (36) | (11) |
| Income tax effect on above | | 7 | 3 |
| | | (75) | (148) |
| Items that will be reclassified to profit or loss | | | |
| Exchange differences on translation of | | | |
| - Financial statements of foreign operations | | 8,873 | (7,991) |
| - Share of associate | | 2 | (2) |
| | | 8,875 | (7,993) |
| Other comprehensive income / (loss) for the year | | 8,800 | (8,141) |
| Total comprehensive income for the year | | 26,221 | 11,419 |



Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

| | Note | 2018 | 2017 |
|---|--------|--------|---------|
| (₹ in lakhs) | | | |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | 25,942 | 11,442 |
| Non-controlling interest | | 279 | (23) |
| Of the total comprehensive income above, profit for the year attributable to: | | | |
| Owners of the parent | | 17,160 | 19,032 |
| Non-controlling interest | | 261 | 528 |
| Of the total comprehensive income above, other comprehensive income / (loss) for the year attributable to: | | | |
| Owners of the parent | | 8,782 | (7,590) |
| Non-controlling interest | | 18 | (551) |
| Earnings per equity share of ₹ 2 each fully paid up | 45 | | |
| Basic (₹) | | 10.92 | 12.12 |
| Diluted (₹) | | 10.89 | 12.05 |
| Notes forming part of the consolidated financial statements | 1 - 62 | | |

As per our attached report of even date

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ramaswamy Subramanian
Partner
Membership Number 016059
Place: Mumbai
Date: 26 April 2018

For and on behalf of the Board

Ashok Goel
Chairman & Managing Director

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

} Directors

A.V. Ganapathy
Chief Financial Officer

Suresh Savaliya
Company Secretary & Head - Legal

Consolidated Statement of changes in equity

for the year ended 31 March 2018

| A Equity share capital | | (₹ in lakhs) | |
|--|---------|--------------------------------------|--------------------------------------|
| | Note | | |
| Balance as at 1 April 2016* | 18 | 3,142 | |
| Changes in equity share capital | | | 1 |
| Balance as at 31 March 2017 | | 3,143 | |
| Changes in equity share capital | | | 2 |
| Balance as at 31 Mar 2018 | 18 | 3,145 | |
| * including forfeited shares of ₹ 1 lakh [Refer note 18(h)] | | | |
| B Other equity | | (₹ in lakhs) | |
| | Note | Capital reserve | Total |
| | | Capital reserve on Consolidation | Capital reserve |
| | | Securities premium reserve | Debt redemption reserve |
| | | Legal reserve | Share options outstanding account |
| | | General reserve | Retained earnings |
| | | Foreign currency translation reserve | Attributable to owners of the parent |
| | | Non controlling interest | Total |
| Balance as at 1 April 2016 | | 4,012 | 55,314 |
| Profit for the year | | - | 10,893 |
| Other comprehensive income | 7 | 7 | 1,500 |
| Total comprehensive income for the year | 7 | 7 | 1,598 |
| Pursuant to the scheme of amalgamation | 41 | 996 | - |
| Expenses incurred in connection with the scheme of amalgamation | 41 | (996) | - |
| Share options exercised | 19 & 53 | - | 69 |
| Share based payments expense (net) | 19 & 53 | - | 28 |
| Transferred from share options outstanding account on exercise of option | 19 & 53 | - | 25 |
| Transfer to debenture redemption reserve | 19 | - | 750 |
| Transfer to legal reserve | 19 | - | 607 |
| Equity dividend | 48 | - | (3,455) |
| Tax on equity dividend | 48 | - | (703) |
| Dividend to non-controlling interest | | - | (219) |
| Balance as at 31 March 2017 | | 4,019 | 55,314 |
| | | 10,987 | 2,250 |
| | | 2,205 | 725 |
| | | 545 | 31,956 |
| | | (7,245) | 100,756 |
| | | 572 | 101,328 |



Consolidated Statement of changes in equity

for the year ended 31 March 2018

| | Capital reserve | Capital reserve on Consolidation | Securities premium reserve | Debt redemption reserve | Legal reserve | Share options outstanding account | General reserve | Retained earnings | Foreign currency translation reserve | Attributable to owners of the parent | Non controlling interest | Total |
|--|-----------------|----------------------------------|----------------------------|-------------------------|---------------|-----------------------------------|-----------------|-------------------|--------------------------------------|--------------------------------------|--------------------------|----------------|
| Profit for the year | - | - | - | - | - | - | - | 17,160 | - | 17,160 | 261 | 17,421 |
| Other comprehensive income | - | - | - | - | - | - | - | (75) | 8,359 | 8,284 | 18 | 8,302 |
| Exchange loss reclassified to the consolidated statement of profit and loss on liquidation of subsidiary | 44 | - | - | - | - | - | - | - | 498 | 498 | - | 498 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 17,085 | 8,857 | 25,942 | 279 | 26,221 |
| On account of liquidation of subsidiary | - | - | - | - | - | - | - | - | - | - | (167) | (167) |
| Share options exercised | - | - | - | 96 | - | - | - | - | - | 96 | - | 96 |
| Share based payments: | | | | | | | | | | | | |
| Share based payment credit (net) | - | - | - | - | - | (342) | - | - | - | (342) | - | (342) |
| Transferred to retained earnings on forfeiture of vested options | 19 & 53 | - | - | - | - | (15) | - | 15 | - | - | - | - |
| Transferred from share options outstanding account on exercise of option | 19 & 53 | - | - | 35 | - | (35) | - | - | - | - | - | - |
| Transfer to legal reserve | 19 | - | - | - | 649 | - | - | (649) | - | - | - | - |
| Equity dividend | 48 | - | - | - | - | - | - | (3,770) | - | (3,770) | - | (3,770) |
| Tax on equity dividend | 48 | - | - | - | - | - | - | (768) | - | (768) | - | (768) |
| Dividend to non-controlling interest | - | - | - | - | - | - | - | - | - | - | (254) | (254) |
| Balance as at 31 March 2018 | 4,019 | 55,314 | 11,118 | 2,250 | 2,854 | 333 | 545 | 43,869 | 1,612 | 121,914 | 430 | 122,344 |

As per our attached report of even date

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

For and on behalf of the Board

Ashok Goel
Chairman & Managing Director

A.V. Ganapathy
Chief Financial Officer

Ramaswamy Subramanian
Partner
Membership Number 016059
Place: Mumbai
Date: 26 April 2018

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

Directors

Suresh Savaliya
Company Secretary & Head - Legal

Notes forming part of the consolidated financial statements

1 Corporate information

Essel Propack Limited (hereinafter referred to as “EPL” or the “Company” or the “parent company”) is domiciled and incorporated in India and its shares are publicly traded on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company’s registered office is located at P.O. Vasind, Taluka: Shahapur, District: Thane, Maharashtra - 421604, India.

The Company alongwith its subsidiaries (the “Group”), joint ventures (upto 30 September 2016) and associate is engaged in manufacture of plastic packaging material in the form of multilayer collapsible tubes and laminates used primarily for packaging of consumer products in the Beauty & Cosmetics, Health & Pharmaceuticals, Food, Home and Oral care categories.

The Consolidated Financial Statements (hereinafter referred to as ‘CFS’) of the group, its joint ventures (upto 30 September 2016) and associate for the year ended 31 March 2018 were authorised for issue by the Board of Directors at their meeting held on 26 April 2018.

2 Basis of preparation of consolidated financial statements

- a) The CFS have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act and rules framed thereunder and guidelines issued by Securities and Exchange Board of India (SEBI).

The CFS have been prepared under the historical cost convention and on accrual basis, except for certain financial assets and liabilities (including derivative instruments), defined benefit plan assets and liabilities, and share based payments being measured at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or a liability at the measurement date.

The CFS are presented in Indian Rupees (‘INR’) with values rounded off to the nearest lakhs (00,000), except otherwise indicated. “0” Zero denotes amount less than a lakh.

b) Current and non-current classification

Assets and liabilities are classified as current if expected to realise or settle within twelve months after the balance sheet date. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 (A) Principles of consolidation and equity accounting

i) Subsidiaries

- a) The consolidated financial statements incorporate the financial statements of EPL and its subsidiaries.
- b) Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases.
- c) The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The financial



Notes forming part of the consolidated financial statements

statements of the parent company and its subsidiaries have been consolidated using uniform accounting policies. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the parent i.e. year ended 31 March 2018.

- d) Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.
- e) Listed below are the subsidiaries considered in the CFS. Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date that control ceases.

| Name of the Subsidiaries | Proportion of interest (including beneficial interest) / voting power (either directly / indirectly through subsidiaries) | | Country of incorporation |
|--|---|------|--------------------------|
| | 2018 | 2017 | |
| Direct Subsidiaries | | | |
| Arista Tubes, Inc. * | 100% | 100% | United States of America |
| Lamitube Technologies (Cyprus) Limited | 100% | 100% | Cyprus |
| Lamitube Technologies Limited | 100% | 100% | Mauritius |
| Step down Subsidiaries | | | |
| Egyptian Indian Company for Modern Packaging S.A.E.# | --- | 75% | Egypt |
| Essel Propack Misr for Advanced Packaging S.A.E. | 75% | 75% | Egypt |
| Lamitube Hongkong Trading Company Limited # | --- | 100% | Hong Kong |
| Essel Packaging (Guangzhou) Limited | 100% | 100% | China |
| Essel Packaging (Jiangsu) Limited | 100% | 100% | China |
| Essel Propack Philippines, Inc. | 100% | 100% | Philippines |
| MTL de Panama, S.A. | 100% | 100% | Panama |
| Arista Tubes Limited | 100% | 100% | United Kingdom |
| Essel Propack UK Limited | 100% | 100% | United Kingdom |
| Essel Deutschland Management GmbH ## | 100% | 100% | Germany |
| Essel Deutschland GmbH & Co. KG ## | 100% | 100% | Germany |
| Essel de Mexico, S.A. de C.V. | 100% | 100% | Mexico |
| Tubopack de Colombia S.A.S. | 100% | 100% | Colombia |
| Essel Colombia S.A.S. | 100% | 100% | Colombia |
| Essel Propack LLC | 100% | 100% | Russia |
| Essel Propack Polska sp. z.o.o. | 100% | 100% | Poland |
| Essel Propack America, LLC | 100% | 100% | United States of America |

* 7.35% is held through Lamitube Technologies (Cyprus) Limited

Liquidated / deregistered during the year.

Ceased to be joint ventures and became wholly owned subsidiaries w.e.f. 30 September 2016 (Refer note 3A(ii)(d))

Notes forming part of the consolidated financial statements

ii) Associate and Joint ventures

- a) Associate is an entity over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting, after initially being recognised at cost.
- b) Under Ind AS 111 "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The group had interest in joint ventures (upto 30 September 2016) that were accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.
- c) 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 of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of investments.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest 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 other entity.

Unrealised gains on transactions between the group and its associates and 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. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment.

- d) List of investments in associate and joint ventures accounted for using "Equity method" is as under:

| Name of the Joint Venture / Associate | Extent of holding | | Relationship | Country of Incorporation |
|---------------------------------------|-------------------|-------|---------------|--------------------------|
| | 2018 | 2017 | | |
| Essel Deutschland Management GmbH ## | --- | --- | Joint Venture | Germany |
| Essel Deutschland GmbH & Co. KG ## | --- | --- | Joint Venture | Germany |
| P.T. Lamipak Primula | 30.0% | 30.0% | Associate | Indonesia |

Ceased to be joint ventures (extent of holding 24.9%) and became wholly owned subsidiaries w.e.f. 30 September 2016

3 (B) Significant accounting policies

a. Property, plant and equipment

- i) Free hold land is carried at cost. Other property, plant and equipment are stated at original cost of acquisition / installation (net of Goods and Services Tax / cenvat credit availed) less accumulated depreciation and impairment loss, if any. Cost includes cost of acquisition, construction and installation, taxes, duties, freight and other incidental expenses that are directly attributable to bringing the asset to its working condition for the intended use and estimated cost for decommissioning of an asset. Further, in respect of accounting periods commencing on or after 7 December 2006, exchange differences arising on revaluation of long-term foreign currency monetary items recognised in the consolidated financial statements till the period ending 31 March 2016 at rates different from those at which they were initially recorded during the period



Notes forming part of the consolidated financial statements

or reported in the previous financial statements, are added to or deducted from the cost of the assets and depreciated over the balance life of the asset, where these monetary items pertain to the acquisition of depreciable property, plant and equipment.

- ii) Capital work-in-progress comprises cost of property, plant and equipment and related expenses that are not yet ready for their intended use at the reporting date.
- iii) On transition to Ind AS, the group had elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation on property, plant and equipment

i) In case of parent company

Depreciation on property, plant and equipment is provided to the extent of depreciable amount on straight-line method over the useful life of asset as specified in Part-C of Schedule II to the Act. Depreciation is charged on pro-rata basis for asset purchased / sold during the year. Depreciation on the following assets is provided considering a shorter useful life as compared to Schedule II useful life, based on the management estimate in view of possible technology obsolescence and product life cycle implications.

| Assets | Useful Life |
|---|-------------|
| Tooling, Moulds, Dies | 7 Years |
| Hydraulic works, Pipelines and Slucies (HWPS) | 10 Years |
| Overhauling of plant and machinery | 5 Years |

ii) In case of subsidiaries, associate and joint ventures

Depreciation on property, plant and equipment is provided at the rates adopted in the accounts of respective subsidiaries, associate and joint ventures as permissible under local laws on straight line basis from the time they are available for use, so as to write off their cost over the estimated useful life of the assets.

- iii) Property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.
- iv) Premium on leasehold land and leasehold improvements are amortised over the normal period of lease.

b. Intangible assets

- i) Intangible assets are stated at cost of acquisition less accumulated amortisation. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss.
- ii) On transition to Ind AS, the group had elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.
- iii) Intangibles assets with finite lives are amortised as follows:
 - Softwares : ERP software 10 years and others 3 years
 - Patents and commercial rights : 10 years

Notes forming part of the consolidated financial statements

c. Impairment of non-financial assets

- i) Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or change in circumstances indicate that they might be impaired.
- ii) The carrying amounts of other non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying amount exceeds its recoverable value. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets. An impairment loss is charged to the consolidated statement of profit and loss in the year in which an asset is identified as impaired. After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life. The impairment loss recognized in prior accounting periods is reversed by crediting the consolidated statement of profit and loss if there has been a change in the estimate of recoverable amount.

d. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenure of such borrowings. All other borrowing costs are charged to the consolidated statement of profit and loss as finance costs. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs, in terms of Ind AS 23.

e. Financial assets

i) Recognition and measurement

The group at initial recognition measures a financial asset at its fair value plus transaction costs that are directly attributable to its acquisition. However, transaction costs relating to financial assets to be subsequently valued at fair value through profit or loss (FVTPL) are expensed in the consolidated statement of profit and loss for the year.

The group subsequently recognises its financial assets either at FVTPL, fair value through other comprehensive income (FVOCI) or at amortised cost, based on the group's business model for managing the financial assets and their contractual cash flows. This has been explained below separately for debt instruments and equity instruments.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on such instruments is recognised in the consolidated statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated statement of profit and loss. Interest income from these financial assets is included in interest income using the effective interest rate method.



Notes forming part of the consolidated financial statements

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. Gain and losses on fair value of such instruments are recognised in the consolidated statement of profit and loss. Interest income from these financial assets is included in other income.

Equity instruments

The group subsequently measures all equity instruments (other than investment in associate) at fair value. Where the group's management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit and loss in the event of de-recognition. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVOCI are not reported separately from other changes in fair value. Dividends from such investments are recognised in the consolidated statement of profit and loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated statement of profit and loss.

ii) Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

iii) De-recognition of financial assets

A financial asset is derecognised only when

- The group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

f. Derivatives and embedded derivatives

- The group enters into certain derivative contracts (mainly foreign exchange forward contracts) to hedge risks, which are not designated as "hedges". Such contracts are accounted for at fair value through profit or loss and are recognised in the consolidated statement of profit and loss.
- Derivatives embedded in a host contract that are assets within the scope of Ind AS 109 or are closely related to the host contract, are not separated. Derivatives embedded in all other host contracts are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

g. Borrowings and other financial liabilities

- Borrowings and other financial liabilities are initially recognised at fair value net of transaction costs incurred that are directly attributable to the acquisition of the financial liability.

Notes forming part of the consolidated financial statements

- ii) Subsequently recognition is done at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. The EIR amortisation is included in finance costs in the consolidated statement of profit and loss.
- iii) Borrowings and other financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit and loss.

h. Employee benefits

i) Short-term benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the consolidated statement of profit and loss for the year in which the related services are rendered.

ii) Defined benefit plans

- a) Post-employment and other long-term employee benefits are recognised as an expense in the consolidated statement of profit and loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques.
- b) Re-measurement of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in other comprehensive income in the period in which they occur.

iii) Defined contribution plans

Payments to defined contribution retirement benefit schemes are charged to the consolidated statement of profit and loss of the year when the contribution to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

i. Share based payments

Equity settled share based compensation benefits are provided to employees under the Essel Employee Stock Option Scheme 2014. The fair value of options granted under the Essel Employee Stock Option Scheme 2014 is recognised as an employee benefits expense with a corresponding increase in equity as "Share options outstanding account". The total amount to be recognised is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to hold shares for a specific period of time).

The total expenses are amortised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service and non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit and loss, with a corresponding adjustment to equity. In case vested options are forfeited / expires unexercised, the related balance standing to the credit of the "Share options outstanding account" is transferred to "Retained earnings".



Notes forming part of the consolidated financial statements

j. Revenue recognition

- i) Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised only when it can be reliably measured and it is probable that future economic benefits will flow to the group.
- ii) Revenue from operations includes sale of goods, scrap, export incentives and income from royalty and service charges:
 - Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have passed to the customer. Amounts disclosed as revenue are inclusive of excise duty and net of returns, quality claims, discounts and value added tax / sales tax / goods and services tax.
 - Income from royalty and service charges is recognised as per the agreed terms.
 - Export incentives / benefits are accounted on accrual basis.
- iii) Dividend income is recognised when right to receive the payment is established by the balance sheet date.
- iv) Interest income for all debt instruments, measured at amortised cost or fair value through other comprehensive income, is recognised using the effective interest rate method and shown under interest income in the consolidated statement of profit and loss.

k. Government grants

- i) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.
- ii) Government grants relating to income are deferred and recognised in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate, and presented within other income.
- iii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the consolidated statement of profit and loss on a straight-line basis over the expected lives of the related assets, and presented within other income.

l. Inventories

- i) Inventories are valued at lower of cost or estimated net realisable value.
- ii) Cost of raw materials, packing material and stores and spares are determined on moving average cost method.
- iii) Cost of finished goods and goods-in-process includes cost of direct materials, labour and other manufacturing overheads.

m. Foreign currency transactions

- i) Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Essel Propack Limited's functional and presentation currency.

Transactions denominated in foreign currencies are initially recorded in the functional currency at the exchange rate prevailing at the date of transaction.

- ii) Monetary items denominated in foreign currencies at the year-end are restated at the closing rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Notes forming part of the consolidated financial statements

- iii) Exchange differences, in respect of accounting periods commencing on or after 7 December 2006, arising on reporting of long-term foreign currency monetary items recognised in the consolidated financial statements till the period ending 31 March 2016 at rates different from those at which they were initially recorded or reported in previous CFS, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset. Any other income or expense on account of exchange difference either on settlement or on restatement is recognised in the consolidated statement of profit and loss.
- iv) The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - assets and liabilities are translated at the closing rate at the date of the balance sheet;
 - income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
 - All resulting exchange differences are recognised in other comprehensive income.
- v) When a foreign operation is sold, the associated exchange differences are reclassified to consolidated statement of profit and loss, as part of the gain or loss on sale.
- vi) Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

n. Income taxes

- i) The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
 The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the parent company and its subsidiaries, associate and joint ventures operate and generate taxable income.
- ii) Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- iii) Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
- iv) Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associate and joint ventures where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.
- v) Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associate and joint ventures where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.



Notes forming part of the consolidated financial statements

- vi) Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
- vii) Current and deferred tax is recognised in the consolidated statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.
- viii) Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

o. Leases

Leases where the group is a lessee and has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

p. Business combinations

Business combinations are accounted for using the acquisition method as per Ind AS 103, "Business Combinations". The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under common control is accounted for at carrying value. Transaction costs that the group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

q. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to owners of the parent by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) for the year attributable to owners of the parent and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Notes forming part of the consolidated financial statements

r. Provisions, contingent liabilities and contingent assets

- i) Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

- ii) 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 or the amount of the obligation cannot be measured with sufficient reliability. The group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.
- iii) A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. The group does not recognize a contingent asset but discloses its existence in the consolidated financial statements.

s. Dividend

Provision is made for the amount of any dividend declared on or before the end of the reporting period but remaining undistributed at the end of the reporting period, where the same has been appropriately authorised and is no longer at the discretion of the entity.

t. Contributed equity

Equity shares are classified as equity. Post transition to Ind AS with effect from 1 April 2015, incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at bank and on hand and short term deposit with original maturity upto three months, which are subject to insignificant risk of changes in value.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consists of cash and short term deposit, as defined above, net of outstanding bank overdraft but including other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

v. Exceptional items

Certain occasions, the size, type, or incidences of the item of income or expenses pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the group, such income or expenses is classified as an exceptional item and accordingly, disclosed in the consolidated financial statements.

3 (C) Significant estimates, judgements and assumptions

The preparation of CFS in conformity with Ind AS requires the management to make estimates, assumptions and exercise judgement in applying the accounting policies, that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.



Notes forming part of the consolidated financial statements

The management believes that these estimates are prudent and reasonable and are based on the management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

i) Defined benefit obligation

The cost of post-employment and other long-term benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used are disclosed in note 52.

ii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. For details of the key assumptions used and the impact of changes to these assumptions refer note 59.

iii) Share-based payments

Estimating fair value for share-based payment requires determination of the most appropriate valuation model. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 53.

iv) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the future years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate.

v) Impairment of financial assets

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

vi) Taxes

The group periodically assesses its liabilities and contingencies related to income taxes for all years open to scrutiny based on latest information available. The group records its best estimates of the tax liability in the current tax provision. The management believes that they have adequately provided for the probable outcome of these matters.

Notes forming part of the consolidated financial statements

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

3 (D) Recent accounting pronouncements

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Indian Accounting Standard (Ind AS) 115 "Revenue from Contracts with Customers"; notifying amendments to Ind AS 12 "Income Taxes" and Ind AS 21 "The Effects of Changes in Foreign Exchange Rates". Ind AS 115, amendments to the Ind AS 12 and Ind AS 21 are applicable to the Company w.e.f. 1 April 2018.

i) Ind AS 115 "Revenue from Contracts with Customers"

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further this standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition: a) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". b) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

ii) Amendments to Ind AS

a) Ind AS 12 "Income Taxes"

The amendment considers that tax law determines which deductions are offset against taxable income and that no deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

Accordingly, segregating deductible temporary differences in accordance with tax law and assessing them on entity basis or on the basis of type of income is necessary to determine whether taxable profits are sufficient to utilise deductible temporary differences.

b) Ind AS 21 "The Effects of Changes in Foreign Exchange Rates"

The amendment to this Ind AS requires foreign currency consideration paid or received in advance of an item of asset, expense or income, resulting in recognition of a non-monetary prepayment asset or deferred income liability, to be recorded in the Company's functional currency by applying the spot exchange rate on the date of transaction.

The date of transaction which is required to determine the spot exchange rate for translation of such items would be earlier of:

- the date of initial recognition of the non-monetary prepayment asset or deferred income liability, and
- the date on which the related item of asset, expense or income is recognised in the financial statements.

If the transaction is recognised in stages, then a spot exchange rate for each transaction date would be applied to translate each part of the transaction.

The group has evaluated the impact of the above amendments on the consolidated financial statements and the impact is not material.



Notes forming part of the consolidated financial statements

| Description of assets | Gross carrying amount | | | | Depreciation / Amortisation | | | Net carrying amount | |
|---|---|---------------|---------------------|------------------------|-----------------------------|---------------|------------------------|---------------------|---------------------|
| | As at 1 April 2017 | | As at 31 March 2018 | | Upto 31 March 2017 | For the year | Upto 31 March 2018 | As at 31 March 2018 | |
| | Additions | Disposals | Disposals | Translation adjustment | Upto 31 March 2017 | Disposals | Translation adjustment | Upto 31 March 2018 | As at 31 March 2018 |
| Freehold land | 1,430 | - | - | 143 | 1,573 | - | - | - | 1,573 |
| Leasehold land | 276 | - | - | 26 | 302 | 14 | 7 | 24 | 278 |
| Leasehold improvements | 2,129 | 416 | - | 136 | 2,681 | 706 | 532 | 1,330 | 1,351 |
| Buildings | | | | | | | | | |
| - Owned | 14,633 | 616 | 96 | 1,266 | 16,419 | 2,408 | 682 | 11 | 281 |
| - Leased | 4,396 | - | - | 22 | 4,418 | 249 | 124 | - | 3 |
| Plant and machinery | | | | | | | | | |
| - Owned | 117,262 | 8,149 | 113 | 8,329 | 133,627 | 30,841 | 13,213 | 36 | 2,967 |
| - Leased | 2,429 | - | 517 | 2 | 1,914 | 1,055 | 284 | 490 | 3 |
| Equipments | | | | | | | | | |
| - Owned | 5,254 | 631 | 6 | 414 | 6,293 | 2,249 | 751 | 1 | 298 |
| - Leased | 103 | - | - | - | 103 | 45 | 23 | - | - |
| Furniture and fixtures | 2,148 | 161 | 2 | 155 | 2,462 | 825 | 238 | 2 | 103 |
| Vehicles | 8 | 7 | - | 1 | 16 | 8 | - | - | 1 |
| Total (A) | 150,068 | 9,980 | 734 | 10,494 | 169,808 | 38,400 | 15,854 | 540 | 3,751 |
| 4(b) Capital work-in-progress | | | | | | | | | |
| 4(c) Other intangible assets | | | | | | | | | |
| Software | 2,434 | 406 | - | 190 | 3,030 | 1,253 | 470 | - | 118 |
| Patents and Commercial rights | 3,865 | - | - | 209 | 4,074 | 191 | 383 | - | 39 |
| Total (B) | 6,299 | 406 | - | 399 | 7,104 | 1,444 | 853 | - | 157 |
| Grand Total (A+B) | 156,367 | 10,386 | 734 | 10,893 | 176,912 | 39,844 | 16,707 | 540 | 3,908 |
| 4(d) Intangible assets under development | | | | | | | | | |
| Notes: | | | | | | | | | |
| (i) | Buildings include roads, residential flats, tubewell, watertanks and share in co-operative society. | | | | | | | | |
| (ii) | Additions to plant and machinery includes exchange difference of ₹ 214 lakhs capitalised during the year. | | | | | | | | |
| (iii) | For details of property, plant and equipment pledged as security, refer note 40. | | | | | | | | |

Notes forming part of the consolidated financial statements

(₹ in lakhs)

| Description of assets | Gross carrying amount | | | | Depreciation / Amortisation | | | | Net carrying amount As at 31 March 2017 | | | |
|---|-----------------------|---|---------------|--------------|-----------------------------|---------------------|---|---------------|---|----------------|------------------------|--------------------|
| | As at 1 April 2016 | Acquired during the year (Refer note (iii) below) | Additions | Disposals | Translation adjustment | As at 31 March 2017 | Acquired during the year (Refer note (iii) below) | For the year | | Disposals | Translation adjustment | Upto 31 March 2017 |
| Freehold land | 897 | 605 | - | - | (72) | 1,430 | - | - | - | - | - | 1,430 |
| Leasehold land | 303 | - | - | - | (27) | 276 | 11 | 7 | - | (4) | 14 | 262 |
| Leasehold improvements | 1,269 | - | 966 | - | (106) | 2,129 | 271 | 481 | - | (46) | 706 | 1,423 |
| Buildings | | | | | | | | | | | | |
| - Owned | 11,312 | 4,152 | 60 | - | (891) | 14,633 | 615 | 1,313 | 657 | (177) | 2,408 | 12,225 |
| - Leased | 4,491 | - | - | - | (95) | 4,396 | 128 | - | 129 | (8) | 249 | 4,147 |
| Plant and machinery | | | | | | | | | | | | |
| - Owned | 80,225 | 22,757 | 22,234 | 1,020 | (6,934) | 117,262 | 9,896 | 11,864 | 11,134 | (1,994) | 30,841 | 86,421 |
| - Leased | 2,440 | - | - | - | (11) | 2,429 | 533 | - | 536 | (14) | 1,055 | 1,374 |
| Equipments | | | | | | | | | | | | |
| - Owned | 1,565 | 2,209 | 1,747 | 16 | (251) | 5,254 | 308 | 1,612 | 491 | (162) | 2,249 | 3,005 |
| - Leased | 103 | - | - | - | - | 103 | 23 | - | 23 | (1) | 45 | 58 |
| Furniture and fixtures | 529 | 1,023 | 694 | 10 | (88) | 2,148 | 76 | 620 | 192 | (55) | 825 | 1,323 |
| Vehicles | 10 | - | - | - | (2) | 8 | 5 | - | 4 | (1) | 8 | - |
| Total (A) | 103,144 | 30,746 | 25,701 | 1,046 | (8,477) | 150,068 | 11,866 | 15,409 | 13,654 | (2,462) | 38,400 | 111,668 |
| 4(b) Capital work-in-progress | | | | | | | | | | | | |
| 4(c) Other intangible assets | | | | | | | | | | | | |
| Software | 1,516 | 853 | 202 | - | (137) | 2,434 | 416 | 484 | 426 | (73) | 1,253 | 1,181 |
| Patents and Commercial rights | 42 | 1,362 | 2,562 | - | (101) | 3,865 | 3 | 134 | 68 | (14) | 191 | 3,674 |
| Total (B) | 1,558 | 2,215 | 2,764 | - | (238) | 6,299 | 419 | 618 | 494 | (87) | 1,444 | 4,855 |
| Grand Total (A+B) | 104,702 | 32,961 | 28,465 | 1,046 | (8,715) | 156,367 | 12,285 | 16,027 | 14,148 | (2,549) | 39,844 | 116,523 |
| 4(d) Intangible assets under development | | | | | | | | | | | | 789 |

Notes:

- Buildings include roads, residential flats, tubewell, watertanks and share in co-operative society.
- Additions to plant and machinery include exchange difference of ₹ 315 Lakhs capitalised during the financial year 2016-17.
- The assets acquired during the year ended 31 March 2017 as a result of acquisition of control in Essel Deutschland GmbH & Co. KG, Germany on 30 September 2016 are shown in separate column titled "Acquired during the year".
- For details of property, plant and equipment pledged as security, refer note 40.



Notes forming part of the consolidated financial statements

(₹ in lakhs)

| | 2018 | 2017 |
|--|--------------|--------------|
| 5 Investments accounted for using the equity method (Refer note 55) | | |
| (A) Unquoted | | |
| i) Associate company | | |
| 2,100 (31 March 2017 - 2,100) equity shares of USD 350 each of PT Lamipak Primula Indonesia (Extent of holding 30%) | 508 | 508 |
| Goodwill | 514 | 514 |
| Share of accumulated profits (including other comprehensive income) | 504 | 456 |
| Share of profit/(loss) for the year | (104) | 58 |
| Share of other comprehensive income/(loss) for the year | (27) | (10) |
| Dividend received | (85) | - |
| | 1,310 | 1,526 |
| ii) Investment in joint ventures | | |
| a) Nil (31 March 2017 - Nil) Equity Shares of EURO 50 each of Essel Deutschland GmbH & Co. KG, Dresden (Extent of holding 24.9%) | - | 1,548 |
| Share of profit for the year | - | 47 |
| Dividend received | - | (172) |
| Share of other comprehensive income/(loss) for the year | - | (143) |
| | - | 1,280 |
| Less: Transferred on acquisition (Refer note 54) | - | (1,280) |
| | - | - |
| b) Nil (31 March 2017 - Nil) Equity Shares of EURO 50 each of Essel Deutschland Management GmbH (Extent of holding 24.9%) | - | 12 |
| Share of profit for the year | - | 0 |
| | - | 12 |
| Less: Transferred on acquisition (Refer note 54) | - | (12) |
| | - | - |
| Total | 1,310 | 1,526 |

(₹ in lakhs)

| | 2018 | 2017 |
|---|--------------|--------------|
| 6 Non-current financial assets - Loans | | |
| (Unsecured, considered good) | | |
| Security deposits | | |
| - Related parties (Refer note 46) | 471 | 1,609 |
| - Others | 879 | 835 |
| Loans and advances to employees | 8 | 9 |
| Total | 1,358 | 2,453 |

Security deposits are interest free non-derivative financial assets carried at amortised cost. These primarily include deposits given against rented premises and various deposits with government authorities. The carrying value may be affected by changes in the credit risk of the counter parties.

Notes forming part of the consolidated financial statements

| | | (₹ in lakhs) | |
|----------|---|--------------|-----------|
| | | 2018 | 2017 |
| 7 | Other non-current financial assets | | |
| | Deposits with banks having original maturity period of more than twelve months* (Refer note 13) | 20 | 29 |
| | Total | 20 | 29 |

* Deposited with / lien in favour of various Government authorities / banks.

| | | (₹ in lakhs) | |
|----------|--------------------------------------|--------------|--------------|
| | | 2018 | 2017 |
| 8 | Non-current tax assets | | |
| | Balances with government authorities | | |
| | - Direct tax (net of provision) | 2,123 | 2,107 |
| | Total | 2,123 | 2,107 |

| | | (₹ in lakhs) | |
|----------|---|--------------|--------------|
| | | 2018 | 2017 |
| 9 | Other non-current assets | | |
| | Capital advances | 3,266 | 1,840 |
| | Prepaid expenses | 397 | 319 |
| | Balances with Government authorities - Indirect taxes | 462 | 415 |
| | Total | 4,125 | 2,574 |

| | | (₹ in lakhs) | |
|-----------|---|---------------|---------------|
| | | 2018 | 2017 |
| 10 | Inventories | | |
| | Raw materials (includes goods in transit ₹ 1644 lakhs, 31 March 2017 ₹ 719 lakhs) | 10,071 | 9,211 |
| | Goods-in-process | 6,394 | 5,682 |
| | Finished goods (includes goods in transit ₹ 247 lakhs, 31 March 2017 ₹ 64 lakhs) | 5,345 | 4,376 |
| | Stores and spares | 6,339 | 4,897 |
| | Packing materials | 490 | 432 |
| | Total | 28,639 | 24,598 |

Inventories were written down to net realisable value by ₹ 131 lakhs (31 March 2017 ₹ 238 lakhs). This amount is recognised as an expense during the year and included in "Changes in inventories of finished goods and goods-in-process" in the consolidated statement of profit and loss.



Notes forming part of the consolidated financial statements

(₹ in lakhs)

| | 2018 | 2017 |
|--|---------------|---------------|
| 11 Trade receivables (Unsecured) | | |
| Considered good | 45,904 | 37,662 |
| Considered doubtful | 651 | 650 |
| | 46,555 | 38,312 |
| Less: Allowance for bad and doubtful debts | 651 | 650 |
| Total | 45,904 | 37,662 |

Trade receivables are non-interest bearing and credit terms are generally 30 to 120 days. The Group's exposure to credit and currency risks related to trade receivables is disclosed in note 57.

(₹ in lakhs)

| | 2018 | 2017 |
|---|---------------|--------------|
| 12 Cash and cash equivalents | | |
| Balance with banks in current accounts | 10,629 | 7,617 |
| Cheques/drafts on hand | 543 | 67 |
| Deposits with banks having original maturity period upto three months | 384 | 507 |
| Cash on hand | 18 | 12 |
| Total | 11,574 | 8,203 |

(₹ in lakhs)

| | 2018 | 2017 |
|---|--------------|--------------|
| 13 Bank balances other than cash and cash equivalents | | |
| Unclaimed dividend accounts | 87 | 73 |
| Deposits with banks having original maturity period of upto twelve months* | 5,684 | 2,005 |
| Deposits with banks having original maturity period of more than twelve months* | 33 | 32 |
| | 5,804 | 2,110 |
| Disclosed under "Other non-current financial assets" (Refer note 7) | (20) | (29) |
| Total | 5,784 | 2,081 |

* Deposited with / lien in favour of various Government authorities / banks.

(₹ in lakhs)

| | 2018 | 2017 |
|--|---------------|---------------|
| 14 Current financial assets - Loans | | |
| (Unsecured, considered good) | | |
| Security deposits | 532 | 476 |
| Loans and advances to | | |
| - Related party (Refer note 46) | 10,629 | 10,674 |
| - Employees | 117 | 48 |
| Total | 11,278 | 11,198 |

Notes forming part of the consolidated financial statements

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| 15 Other current financial assets | | |
| Insurance claim receivable (Refer note 42) | 193 | 193 |
| Derivative instruments at fair value through profit or loss - Foreign exchange forward contracts | 41 | 2 |
| Other receivables | 5 | 5 |
| Total | 239 | 200 |

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| 16 Current tax assets | | |
| Balances with Government authorities - Direct tax (net of provision) | 78 | 262 |
| Total | 78 | 262 |

| | (₹ in lakhs) | |
|---|--------------|---------------|
| | 2018 | 2017 |
| 17 Other current assets | | |
| Advances against goods and services | 3,941 | 6,059 |
| Prepaid expenses | 1,411 | 1,266 |
| Balances with government authorities - Indirect taxes (net) | 4,473 | 4,815 |
| Export benefits receivable | 78 | 54 |
| Total | 9,903 | 12,194 |

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| 18 Equity share capital | | |
| Authorised | | |
| 250,050,000 (31 March 2017: 250,050,000) equity shares of ₹ 2 each | 5,001 | 5,001 |
| Issued | | |
| 157,238,784 (31 March 2017: 157,158,618) equity shares of ₹ 2 each | 3,145 | 3,143 |
| Subscribed and paid up | | |
| 157,181,664 (31 March 2017: 157,101,498) equity shares of ₹ 2 each fully paid up (Refer note (a) below) | 3,144 | 3,142 |
| Add: 57,120 equity shares of ₹ 2 each forfeited (Refer note (h) below) | 1 | 1 |
| Total | 3,145 | 3,143 |



Notes forming part of the consolidated financial statements

a) Reconciliation of number of shares outstanding (excluding forfeited shares)

| | 2018 | | 2017 | |
|--|-------------------------|--------------|-------------------------|--------------|
| | Number of equity shares | (₹ in lakhs) | Number of equity shares | (₹ in lakhs) |
| At the beginning of the year | 157,101,498 | 3,142 | 157,044,165 | 3,141 |
| Add/less: Changes during the year | | | | |
| Allotted pursuant to the scheme of amalgamation (Refer note 41) | - | - | 88,917,843 | 1,778 |
| Cancelled pursuant to the scheme of amalgamation (Refer note 41) | - | - | (88,917,843) | (1,778) |
| Allotted on exercise of employee share option | 80,166 | 2 | 57,333 | 1 |
| Outstanding at the end of the year | 157,181,664 | 3,144 | 157,101,498 | 3,142 |

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The final 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 holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shares held by holding company and ultimate holding company

| Name of Shareholder | 2018 | | 2017 | |
|---|-------------------------|-----------------------|-------------------------|-----------------------|
| | Number of equity shares | Percentage of holding | Number of equity shares | Percentage of holding |
| Whitehills Advisory Services Private Limited (Holding company)* | - | - | - | - |
| Rupee Finance and Management Private Limited (Ultimate holding company) * | - | - | - | - |

* During the previous year, all the shares held by Whitehills Advisory Services Private Limited have been transferred to Ashok Goel Trust pursuant to a scheme of amalgamation (Refer note 41). As such, there is no holding company or ultimate holding Company w.e.f. 6 October 2016.

d) Details of shareholder holding more than 5% equity shares

| Name of Shareholder | 2018 | | 2017 | |
|---|-------------------------|-----------------------|-------------------------|-----------------------|
| | Number of equity shares | Percentage of holding | Number of equity shares | Percentage of holding |
| Whitehills Advisory Services Private Limited (Holding company)* | - | - | - | - |
| Ashok Kumar Goel (Trustee - Ashok Goel Trust)* | 89,339,014 | 56.84% | 89,139,014 | 56.72% |

* During the previous year, all the shares held by Whitehills Advisory Services Private Limited have been transferred to Ashok Goel Trust pursuant to a scheme of amalgamation (Refer note 41). As such, there is no holding company w.e.f. 6 October 2016.

Notes forming part of the consolidated financial statements

- e) No bonus shares have been issued and no shares bought back during five years preceding 31 March 2018.
- f) For details of shares reserved for issue under the share based payment plan of the Company (Refer note 53).
- g) 500,155 equity shares of ₹ 2 each fully paid up were allotted on 14 September 2012 for consideration other than cash, pursuant to the Scheme of Merger of Ras Propack Lamipack Limited and Ras Extrusions Limited with the Company.
- h) Forfeited shares consist of 35,725 partly paid up equity shares and 21,395 fully paid up bonus shares forfeited in earlier years. The amount of ₹ 1 lakh in relation to the forfeiture will be transferred to reserves upon cancellation of these shares.

| | | (₹ in lakhs) | |
|-----------|---|---------------|---------------|
| | | 2018 | 2017 |
| 19 | Other equity | | |
| | a) Capital reserve | | |
| | As per last balance sheet | 4,019 | 4,012 |
| | Add/(less): | | |
| | Pursuant to the scheme of amalgamation (Refer note 41) | - | 996 |
| | Expenses incurred in connection with the scheme of amalgamation (Refer note 41) | - | (996) |
| | Addition during the year | - | 7 |
| | | 4,019 | 4,019 |
| | b) Capital reserve on consolidation | 55,314 | 55,314 |
| | c) Securities premium reserve | | |
| | As per last balance sheet | 10,987 | 10,893 |
| | Add: Amount received during the year on exercise of options | 96 | 69 |
| | Transferred from share options outstanding account on exercise of options | 35 | 25 |
| | | 11,118 | 10,987 |
| | d) Other reserves | | |
| | i) Debenture redemption reserve | | |
| | As per last balance sheet | 2,250 | 1,500 |
| | Add: Transferred from retained earnings | - | 750 |
| | | 2,250 | 2,250 |
| | ii) Legal reserve | | |
| | As per last balance sheet | 2,205 | 1,598 |
| | Add: Transferred from retained earnings | 649 | 607 |
| | | 2,854 | 2,205 |
| | iii) Share options outstanding account (Refer note 53) | | |
| | As per last balance sheet | 725 | 722 |
| | Add/(less): | | |
| | Share based payment expense / (credit) (net) | (342) | 28 |
| | Transferred to retained earnings on forfeiture of vested options | (15) | - |
| | Transferred to securities premium reserve on exercise of options | (35) | (25) |
| | | 333 | 725 |



Notes forming part of the consolidated financial statements

| | (₹ in lakhs) | |
|--|----------------|----------------|
| | 2018 | 2017 |
| iv) General reserve | | |
| As per last balance sheet | 545 | 545 |
| v) Retained earnings | | |
| As per last balance sheet | 31,956 | 18,555 |
| Add/(Less): | | |
| Taken over pursuant to the Scheme of Amalgamation (Refer note 41) | - | 39 |
| Profit for the year | 17,160 | 19,032 |
| Item of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurement gains/(losses) on defined benefit plan (net of tax) | (75) | (155) |
| Debenture redemption reserve | - | (750) |
| Legal reserve | (649) | (607) |
| Transferred from share options outstanding account on forfeiture of vested options | 15 | - |
| Equity dividend paid | (3,770) | (3,455) |
| Tax on equity dividend paid | (768) | (703) |
| | 43,869 | 31,956 |
| Other comprehensive income | | |
| vi) Foreign currency translation reserve | | |
| As per last balance sheet | (7,245) | 197 |
| Add / (Less) : Loss /(gain) reclassified to consolidated statement of profit and loss on liquidation of subsidiary | 498 | - |
| Gain / (loss) during the year | 8,359 | (7,442) |
| | 1,612 | (7,245) |
| Total | 121,914 | 100,756 |

Nature and purpose of reserves

i) Capital reserve

Capital reserve represents capital surplus and not normally available for distribution as dividend.

ii) Securities premium

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

iii) Debenture redemption reserve (DRR)

The Company had issued redeemable non-convertible debentures and accordingly DRR is required to be created pursuant to the Companies (Share capital and Debentures) Rules 2014. DRR is required to be created, out of profits of the Company available for payment of dividend, upto an amount which is equal to 25% of the value of the debentures issued.

Notes forming part of the consolidated financial statements

iv) Share options outstanding account

Represent the fair value at respective grant dates of options granted and outstanding for vesting/exercise, under Essel Employee Stock Option Scheme 2014. This balance will be transferred to share capital and security premium account as and when the options get exercised from time to time or to retained earnings in the event of forfeiture, non-vesting or lapse.

v) General reserve

The reserve is a distributable reserve maintained by the Company out of transfers made from annual profits.

vi) Retained earnings

Retained earnings represent the accumulated earnings net of losses if any made by the group over the years.

vii) Other comprehensive income

Other comprehensive income comprises of re-measurement gains/(losses) of defined benefit obligations, exchange differences on translation of financial statements of foreign operations, etc.

| | (₹ in lakhs) | |
|--|---------------|---------------|
| | 2018 | 2017 |
| 20 Non-current borrowings | | |
| Secured | | |
| Debentures | | |
| 400 (900) units of Redeemable non-convertible debentures of ₹ 1,000,000 each (Refer note [a (i)] below) | 4,013 | 8,969 |
| Term loans | | |
| Term loan from banks {Refer note [b (i)] below} | 39,119 | 46,965 |
| Buyers credit from banks (Refer note [(a)(ii)] below) | - | 2,512 |
| Finance lease obligations [Refer note [a (iii)] and [b (ii)] below] | 4,885 | 5,450 |
| | 48,017 | 63,896 |
| Unsecured | | |
| 500 (Nil) units of Redeemable non-convertible debentures of face value of ₹ 1,000,000 each (Refer note [a (iv)] below) | 5,099 | - |
| Term loan from banks (Refer note [b (iii)] below) | 1,471 | 1,716 |
| Buyers credit from banks (Refer note [a (v)] below) | 3,433 | 4,396 |
| Deferred sales tax loan (Refer note [a (vi)] below) | 879 | 1,139 |
| | 10,882 | 7,251 |
| | 58,899 | 71,147 |
| Less: Current maturities disclosed under "Other current financial liabilities" (Refer note 24) | 13,977 | 10,651 |
| Total | 44,922 | 60,496 |



Notes forming part of the consolidated financial statements

Nature of security and terms of repayments for long-term borrowings

a) In Parent Company

| | |
|---|---|
| <p>i) Listed redeemable non-convertible debentures Series (A) of ₹ Nil (31 March 2017: ₹ 4,983 lakhs) and Series (B) of ₹ 4,013 lakhs (31 March 2017: ₹ 3,986 lakhs) are secured by pari passu first charge on all fixed assets of the Company (except all fixed assets situated at chakan and land and building situated at Goa and Murbad). These debentures are further secured by way of security provided by a related party*.</p> | <p>These debentures carry interest rate at SBI Base Rate + 145 bps p.a. and are redeemable at par in 3 annual instalments commencing from 25 April 2019 in the ratio of 30:30:40 with a put/call option at the end of 3 years from date of issue in case of Series (A) and 3 1/2 years from the date of issue in case of Series (B), and on each anniversary thereafter until redemption, and put option in the event of downgrade of credit rating to BBB+ or below. Series (A) debentures are redeemed during the year exercising the call option in accordance with the terms of the issue. Further in case of Series (B) debentures the call option has been exercised during the year.</p> |
| <p>ii) Buyers credit from bank of ₹ Nil (31 March 2017: ₹ 2,512 lakhs) is secured by pari passu first charge on all fixed assets of the Company (except all fixed assets situated at Chakan). These buyers credit are further secured by way of security provided by a related party*.</p> | <p>Buyers credit from bank is fully paid during the year.</p> |
| <p>iii) Finance lease obligations are secured by related leased assets.</p> | <p>Leases carry interest rate ranging from 12.36% to 13.50% p.a and are repayable in monthly instalments thereafter.</p> |
| <p>iv) Listed redeemable non-convertible debentures of ₹ 5,099 Lakhs (31 March 2017: ₹ Nil) are unsecured</p> | <p>These debentures carry interest rate at 1 year Treasury Bill YTM rate + 145 bps p.a. payable annually and are redeemable at par at the end of 3 years from the date of issue.</p> |
| <p>v) Buyers credit from banks ₹ 2,281 lakhs (31 March 2017: ₹ 2,284 lakhs) are against security provided and guarantee issued by a related party and ₹ 1,152 lakhs (31 March 2017: ₹ 2,112 lakhs) are against security provided by a related party*.</p> | <p>Buyers credit from banks carry interest rate ranging from 0.20% to 2.10% p.a. based on prevailing benchmark rates and are repayable in maximum period of three years from the date of transaction.</p> |
| <p>vi) Deferred sales tax interest free loans are repayable after</p> | <p>a period of 10 to 14 years from the date of loan upto 2024-25.</p> |

*Related party i.e. Aqualand (India) Limited

Notes forming part of the consolidated financial statements

b) In Subsidiaries

| | |
|--|--|
| i) Term loans from banks of ₹ 39,119 lakhs (31 March 2017: ₹ 46,965 lakhs) in different currencies are variously secured by way of charge over fixed assets (excluding leased assets) and / or exclusive charge on the asset financed under the particular loan, inventory, book debts and other current assets of the respective subsidiary company, dividend escrow account, pledge of shares of the overseas subsidiaries, subservient charge on moveable fixed assets and current assets of the Parent Company, corporate guarantee / letter of comfort of the parent Company / affiliate. | Repayable in specified instalments (Monthly, Quarterly, Half yearly and Yearly) repayable by 2024-25. Interest rate for USD denominated loans are ranging from 4.52% to 5.63% p.a. and EUR denominated loans are ranging from 1.00% to 2.95% p.a. linked to prevailing benchmark rates of respective currencies. |
| ii) Finance lease obligations are secured against the assets leased. | USD denominated lease carry interest rate at 6.00% p.a. and COP denominated lease carry interest rate at 12.90% p.a. All leases are repayable in monthly instalments. |
| iii) Term loan from banks of ₹ 1,471 lakhs (31 March 2017: ₹ 1,716 lakhs) are unsecured. | EURO denominated term loan from banks carry interest rate 1.20% and COP denominated term loan carry interest rate 10.59% p.a. and is repayable in quarterly / half yearly instalments by 2019-20. |

| | (₹ in lakhs) | |
|----------------------------------|--------------|--------------|
| | 2018 | 2017 |
| 21 Non-current provisions | | |
| Employee benefits | 1,374 | 1,332 |
| Provision for contingency | 985 | 998 |
| Total | 2,359 | 2,330 |

| | (₹ in lakhs) | |
|--|---------------|--------------|
| | 2018 | 2017 |
| 22 Current financial liabilities - Borrowings | | |
| Secured {Refer note [(a) and (b)] below} | | |
| Working capital loan from banks | 8,137 | 4,930 |
| Buyers credit from banks | - | 1,040 |
| | 8,137 | 5,970 |
| Unsecured | | |
| Short-term loan from banks | 3,314 | 2,048 |
| Working capital loan from banks | 93 | 670 |
| Commercial Paper | 2,961 | - |
| | 6,368 | 2,718 |
| Total | 14,505 | 8,688 |



Notes forming part of the consolidated financial statements

Nature of security:

Of the total secured short term borrowings

a) In Parent Company

₹ 2,738 lakhs (31 March 2017: ₹ 1,741 lakhs) are secured by first pari-passu charge on current assets and second pari-passu charge on all fixed assets of the company (except all fixed assets situated at Chakan).

b) In Subsidiaries

₹ 5,399 lakhs (31 March 2017: ₹ 4,229 lakhs) are secured variously by way of charge over fixed assets (excluding leased assets), inventory, book debts and other current assets of the respective subsidiary companies, corporate guarantee / letter of comfort of the parent Company, and pledge of shares of overseas subsidiary companies.

| | (₹ in lakhs) | |
|--------------------------|---------------|---------------|
| | 2018 | 2017 |
| 23 Trade payables | | |
| Acceptances | 2,229 | 2,259 |
| Others | 16,613 | 12,473 |
| Total | 18,842 | 14,732 |

| | (₹ in lakhs) | |
|---|---------------|---------------|
| | 2018 | 2017 |
| 24 Other current financial liabilities | | |
| Current maturities of long term borrowings (Refer note 20) | 13,562 | 10,051 |
| Current maturities of long term finance lease obligations (Refer note 20) | 415 | 600 |
| Unclaimed dividend (Refer note 47) | 87 | 73 |
| Payable for capital goods | 354 | 363 |
| Employee benefits payable | 2,627 | 2,547 |
| Grant received in advance | 1,769 | 1,952 |
| Derivative instruments at fair value through profit or loss | | |
| - Foreign exchange forward contracts | 5 | 440 |
| - Interest rate swaps | - | 8 |
| Other payables | 10,685 | 9,910 |
| Total | 29,504 | 25,944 |

| | (₹ in lakhs) | |
|-------------------------------------|--------------|--------------|
| | 2018 | 2017 |
| 25 Other current liabilities | | |
| Trade advances | 315 | 137 |
| Statutory dues | 2,899 | 2,685 |
| Total | 3,214 | 2,822 |

| | (₹ in lakhs) | |
|------------------------------|--------------|------------|
| | 2018 | 2017 |
| 26 Current provisions | | |
| Employee benefits | 592 | 644 |
| Total | 592 | 644 |

Notes forming part of the consolidated financial statements

| | (₹ in lakhs) | |
|-----------------------------------|--------------|--------------|
| | 2018 | 2017 |
| 27 Current tax liabilities | | |
| Direct tax payable (net) | 2,467 | 1,667 |
| Total | 2,467 | 1,667 |

| | (₹ in lakhs) | |
|---|----------------|----------------|
| | 2018 | 2017 |
| 28 Revenue from operations (Refer note 51) | | |
| Sale of products | 241,370 | 234,588 |
| Other operating revenues | | |
| - Royalty / Service charges | 2,100 | 2,775 |
| - Sale of scrap | 853 | 1,237 |
| - Export and other incentives | 319 | 194 |
| Total | 244,642 | 238,794 |

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| 29 Other income | | |
| Interest on income tax refund | 323 | - |
| Grant income | 527 | 350 |
| Net gain on disposal of property, plant and equipment | 115 | 1,387 |
| Gain on sale of current investments | 7 | 3 |
| Miscellaneous income | 346 | 293 |
| Total | 1,318 | 2,033 |

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| 30 Interest income | | |
| Interest income on financial assets at amortised cost | | |
| - Loans | 1,136 | 1,258 |
| - Deposits | 94 | 56 |
| Unwinding of discount on security deposits | 89 | 183 |
| Total | 1,319 | 1,497 |



Notes forming part of the consolidated financial statements

(₹ in lakhs)

| | 2018 | 2017 |
|---|----------------|----------------|
| 31 Cost of materials consumed | | |
| Inventories at the beginning of the year | 9,211 | 7,572 |
| Add: Inventories from acquisition during the year | - | 1,462 |
| Purchases (net) | 106,201 | 101,390 |
| | 115,412 | 110,424 |
| Less: Inventory at the end of the year | 10,071 | 9,211 |
| Total | 105,341 | 101,213 |

(₹ in lakhs)

| | 2018 | 2017 |
|---|----------------|---------------|
| 32 Changes in inventories of finished goods and goods-in-process | | |
| Inventories at the end of the year | | |
| Goods-in-process | 6,394 | 5,682 |
| Finished goods | 5,345 | 4,376 |
| Total (A) | 11,739 | 10,058 |
| Inventories from acquisition during the year | | |
| Goods-in-process | - | 269 |
| Finished goods | - | 1,845 |
| Total (B) | - | 2,114 |
| Inventories at the beginning of the year | | |
| Goods-in-process | 5,682 | 5,181 |
| Finished goods | 4,376 | 2,339 |
| Total (C) | 10,058 | 7,520 |
| Total (B+ C -A) | (1,681) | (424) |

(₹ in lakhs)

| | 2018 | 2017 |
|---|---------------|---------------|
| 33 Employee benefits expense | | |
| Salaries, wages and bonus | 36,128 | 33,658 |
| Contribution to provident and other funds | 3,591 | 3,409 |
| Gratuity | 197 | 92 |
| Share based payment (credit) / expense (net)(Refer note 53) | (342) | 28 |
| Staff welfare expenses | 3,816 | 3,334 |
| Total | 43,390 | 40,521 |

Notes forming part of the consolidated financial statements

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| 34 Finance costs | | |
| Interest expense | | |
| - Borrowings | 3,997 | 4,138 |
| - Defined benefit obligation | 76 | 59 |
| - Others | 7 | 16 |
| Exchange differences regarded as an adjustment to borrowing costs | 111 | 180 |
| Other borrowing costs | 1,300 | 1,419 |
| Total | 5,491 | 5,812 |

| | (₹ in lakhs) | |
|---|---------------|---------------|
| | 2018 | 2017 |
| 35 Depreciation and amortisation expense | | |
| Depreciation on property, plant and equipment | 15,854 | 13,654 |
| Amortisation of intangible assets | 853 | 494 |
| Total | 16,707 | 14,148 |



Notes forming part of the consolidated financial statements

(₹ in lakhs)

| | 2018 | 2017 |
|---|---------------|---------------|
| 36 Other expenses | | |
| Stores and spares | 5,289 | 4,979 |
| Packing materials | 8,333 | 7,596 |
| Power and fuel | 6,595 | 6,884 |
| Job work / Labour charges | 3,790 | 3,828 |
| Lease rent | | |
| - Factory premises | 1,377 | 1,543 |
| - Plant and equipment | 948 | 984 |
| Other manufacturing expenses | 2,045 | 1,893 |
| Repairs and maintenance | | |
| - Buildings | 210 | 226 |
| - Plant and machinery | 2,110 | 2,298 |
| - Others | 1,084 | 858 |
| Rent | 1,047 | 916 |
| Rates and taxes | 923 | 986 |
| Insurance | 368 | 375 |
| Directors' sitting fees | 10 | 14 |
| Travelling and conveyance expenses | 1,353 | 1,442 |
| Professional and consultancy charges | 1,458 | 1,564 |
| Communication charges | 426 | 501 |
| Exchange difference (net) | 800 | 294 |
| Payment to auditors (Refer details below) | 35 | 58 |
| Bad and doubtful debts (net of provision) | 187 | 141 |
| Corporate social responsibility expense (Refer note 49) | 78 | 42 |
| Donation | 20 | 14 |
| Freight and forwarding expenses | 7,774 | 6,687 |
| Commission | 97 | 90 |
| Miscellaneous expenses | 2,506 | 2,517 |
| Total | 48,863 | 46,730 |
| Payment to auditors for: | | |
| Audit fees | 21 | 27 |
| Tax audit | - | 4 |
| Tax representations and others | - | 13 |
| Certifications (including fees for limited reviews) | 14 | 12 |
| Reimbursement of expenses | 0 | 2 |
| Total | 35 | 58 |

Notes forming part of the consolidated financial statements

37 Finance lease

The group has acquired plant and machinery and equipments under finance lease which are capitalized under property, plant and equipment. The minimum lease payments required under the finance lease that have initial or remaining non-cancellable lease terms in excess of one year as at 31 March 2018 and their present value are as follows:

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| Minimum lease payment as at 31 March | | |
| Not later than one year | 727 | 974 |
| Later than one year but not later than five years | 1,962 | 2,291 |
| Later than five years | 5,097 | 5,454 |
| Total minimum lease payments | 7,786 | 8,719 |
| Less: Amount representing finance charges | 2,901 | 3,269 |
| Present value of minimum lease payments as at 31 March | 4,885 | 5,450 |
| Not later than one year | 415 | 600 |
| Later than one year but not later than five years | 973 | 1,211 |
| Later than five years | 3,497 | 3,639 |

38 Operating lease

The group has taken factory and office premises, residential facilities, plant and machinery (including equipments) IT assets, vehicles etc. under cancellable / non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of these leases varies from eleven to one hundred and eight months. The rental obligations are as follows:

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| Lease rental charges for the year | 3,355 | 3,507 |
| Future lease rental obligation payable (under non-cancellable leases) as at 31 March | | |
| Not later than one year | 1,794 | 2,014 |
| Later than one year but not later than five years | 5,440 | 4,205 |
| Later than five years | 2,038 | 2,141 |
| Total | 9,272 | 8,360 |

39 Contingent liabilities and commitments (to the extent not provided for)

a) Contingent liabilities

| | (₹ in lakhs) | |
|---|--------------|-------|
| | 2018 | 2017 |
| A Claims against the group not acknowledged as debts | | |
| (i) Disputed indirect taxes | 2,991 | 2,340 |
| (ii) Disputed direct taxes | 3,809 | 3,023 |
| (iii) Deferred sales tax liability assigned | 340 | 474 |
| (iv) Other claims not acknowledged as debts | 50 | 50 |



Notes forming part of the consolidated financial statements

| | (₹ in lakhs) | |
|---|--------------|------|
| | 2018 | 2017 |
| B. Guarantees excluding financial guarantees | | |
| Bank guarantees given by the group | 278 | 271 |

| | (₹ in lakhs) | |
|---|--------------|-------|
| | 2018 | 2017 |
| C Other money for which the group is contingently liable | | |
| (i) Unexpired letters of credit (net of liability provided) | 40 | 25 |
| (ii) Duty benefit availed under EPCG scheme, pending export obligations | 2,831 | 3,012 |

b) Commitments

(i) Capital commitments

| | (₹ in lakhs) | |
|---|--------------|-------|
| | 2018 | 2017 |
| Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) | 2,578 | 2,650 |

(ii) Other commitments

| | (₹ in lakhs) | |
|--|--------------|------|
| | 2018 | 2017 |
| Estimated amount of contracts remaining to be executed other than on capital account, not provided for (net of advances) | 2,640 | 843 |

40 Collateral / security pledged

The carrying amount of assets pledged as security for current and non-current borrowings of the group are as under:

| | (₹ in lakhs) | |
|--|----------------|----------------|
| | 2018 | 2017 |
| Property, plant and equipment | 74,998 | 73,648 |
| Inventories | 11,650 | 11,349 |
| Other current and non-current assets excluding investments | 46,981 | 52,888 |
| Total assets charged | 133,629 | 137,885 |

41 Scheme of amalgamation

- i) A Scheme of Amalgamation of the holding company Whitehills Advisory Services Private Limited ("transferor company") with Essel Propack Limited ("transferee company") and their respective shareholders (the Scheme) was sanctioned by the Hon'ble High Court of Judicature at Mumbai vide its order dated 1 September 2016. The Scheme became effective on 6 October 2016 and consequently all assets, liabilities and reserves of transferor company vested with the Company on the appointed date i.e. 1 November 2015 at their respective book values. Accordingly, the consolidated financial statements for the year ended 31 March 2017 includes the transactions of the transferor company.
- ii) Pursuant to the Scheme
 - a. 88,829,014 and 88,829 equity shares of ₹ 2 each fully paid up of the Company were allotted to the participating preference shareholders and equity shareholders respectively of the transferor company and equivalent number of equity shares of ₹ 2 each fully paid up held by the transferor company were cancelled. There was no change in the paid up equity share capital of the Company post allotment of the above equity shares.

Notes forming part of the consolidated financial statements

- b. The net assets taken over were credited to capital reserve and expenses incurred in relation to and in connection with the Scheme were debited to capital reserve as detailed below:

(₹ in lakhs)

| Assets and Liabilities | | |
|--|--|------------|
| Cash and bank balances | | 30 |
| Long term loans and advances | | 975 |
| Current assets | | 2 |
| Current liabilities | | (11) |
| Net assets taken over | | 996 |
| Credited to capital reserve | | 996 |
| Less: Expenses incurred in connection with the scheme debited to capital reserve | | (996) |
| | | - |

- 42** Insurance claim receivable of ₹ 193 lakhs (31 March 2017 : ₹ 193 Lakhs) is in respect of transit damage to certain plant and machinery, which is under litigation before National Consumer Dispute Redressal Commission, New Delhi (Refer Note 15).

43 Additional information pursuant to Para 2 of General instructions for the preparation of consolidated financial statements

(₹ in lakhs)

| Sr. No. | Name of the entity | Net Assets, i.e., total assets minus total liabilities | | Share in Profit or Loss for the year | | Share in Other Comprehensive Income / (loss) for the year | | Share in Total Comprehensive Income / (loss) for the year | |
|-----------|--|--|---------|--------------------------------------|--------|---|--------|---|--------|
| | | % of consolidated net assets | Amount | % of consolidated Profit | Amount | % of consolidated Other Comprehensive Income | Amount | % of consolidated total comprehensive income | Amount |
| I | Parent - | | | | | | | | |
| | Essel Propack Limited | 52% | 65,470 | 47% | 8,118 | -1% | (74) | 31% | 8,044 |
| II | Subsidiaries - Foreign | | | | | | | | |
| 1 | Essel Propack America, LLC | 25% | 31,753 | 19% | 3,265 | 2% | 179 | 13% | 3,444 |
| 2 | Lamitube Technologies Limited | 43% | 54,285 | 12% | 2,116 | 7% | 582 | 10% | 2,697 |
| 3 | Lamitube Technologies (Cyprus) Limited | 3% | 3,390 | 4% | 723 | 0% | 14 | 3% | 737 |
| 4 | Essel Packaging (Guangzhou) Limited | 34% | 42,224 | 36% | 6,212 | 36% | 3,167 | 36% | 9,379 |
| 5 | Essel Propack Philippines, Inc | 1% | 1,348 | 3% | 461 | 0% | (36) | 2% | 425 |
| 6 | MTL de Panama, S.A | 2% | 2,831 | 4% | 734 | 0% | (9) | 3% | 725 |
| 7 | Arista Tubes Limited | -2% | (2,167) | 0% | 14 | -3% | (241) | -1% | (227) |
| 8 | Essel Propack UK Limited | 1% | 1,600 | 3% | 580 | 2% | 140 | 3% | 720 |
| 9 | Essel de Mexico, S.A. de C.V. | 2% | 2,625 | 4% | 721 | 1% | 72 | 3% | 793 |
| 10 | Tubopack de Columbia S.A.S. | 1% | 924 | 1% | 132 | 0% | 24 | 1% | 156 |



Notes forming part of the consolidated financial statements

(₹ in lakhs)

| Sr. No. | Name of the entity | Net Assets, i.e., total assets minus total liabilities | | Share in Profit or Loss for the year | | Share in Other Comprehensive Income / (loss) for the year | | Share in Total Comprehensive Income / (loss) for the year | |
|------------|---|--|--------|--------------------------------------|--------|---|--------|---|--------|
| | | % of consolidated net assets | Amount | % of consolidated Profit | Amount | % of consolidated Other Comprehensive Income | Amount | % of consolidated total comprehensive income | Amount |
| 11 | Essel Colombia, S.A.S. | 0% | (48) | -3% | (447) | 0% | 14 | -2% | (434) |
| 12 | Essel Propack LLC (Russia) | 1% | 1,125 | -1% | (123) | 0% | (22) | -1% | (144) |
| 13 | Essel Propack Polska Sp. z.o.o. | 12% | 14,433 | 3% | 496 | 22% | 1,943 | 9% | 2,439 |
| 14 | Arista Tubes, Inc | 17% | 21,164 | 19% | 3,263 | -1% | (53) | 12% | 3,211 |
| 15 | Essel Packaging (Jiangsu) Limited | 5% | 6,795 | 0% | 0 | 7% | 620 | 2% | 620 |
| 16 | Lamitube Hongkong Trading Company Limited | 0% | - | 0% | - | 0% | 0 | 0% | 0 |
| 17 | Egyptian Indian Company for Modern Packaging S.A.E. (75%) | 0% | - | 0% | (12) | 0% | 15 | 0% | 3 |
| 18 | Essel Propack Misr for Advanced Packaging S.A.E. (75%) | 1% | 1,385 | 5% | 833 | 0% | 40 | 3% | 873 |
| 19 | Essel Deutschland GmbH & Co. KG | 6% | 7,354 | 7% | 1,266 | 24% | 2,146 | 13% | 3,412 |
| 20 | Essel Deutschland Management GmbH | 0% | 52 | 0% | 1 | 0% | 7 | 0% | 8 |
| III | Minority Interests | | | | | | | | |
| | Essel Propack Misr for Advanced Packaging S.A.E (25%) | 0% | 462 | 2% | 278 | 0% | 13 | 1% | 291 |
| IV | Associate | | | | | | | | |
| | Foreign | | | | | | | | |
| | PT Lamipak Primula (30%) | 2% | 1,894 | -1% | (239) | 0% | - | 0% | - |

Note:

Net assets / share of profit or loss of subsidiaries and associate are considered based on the respective audited / unaudited standalone financial statements without considering elimination / consolidation adjustments.

Notes forming part of the consolidated financial statements

44 Exceptional items (net)

Exceptional items includes :

I) For year ended 31 March 2018

- ₹ 489 lakhs being exchange difference arising on translation of foreign operations of a subsidiary in Egypt earlier carried in consolidated equity, now reclassified to the consolidated statement of profit and loss, following liquidation of the said company in the current year, in accordance with the requirements of Ind AS 21 "The Effects of Changes in Foreign Exchange Rates".
- ₹ 9 lakhs being loss incurred on liquidation of the above subsidiary.

II) For year ended 31 March 2017

- ₹ 338 lakhs exchange loss due to the Government of Egypt moved out of administered exchange rate mechanism to full float of Egyptian Pound (EGP) thereby devaluing EGP from 8.8799 to 16.00 per USD on 3 November 2016
- ₹ 461 lakhs trade tax assessed on subsidiary in Germany on account of change in it's ownership following acquisition of 100% stake by the group
- Gain of ₹ 2,364 lakhs (net of related costs) determined as difference between the acquisition date fair value of the group's previously held 24.9% equity interest in the joint ventures in Germany and its related carrying amount in the books, following acquisition of 100% stake in the said joint ventures

45 Earnings per share (EPS)

| | 2018 | 2017 |
|---|-------------|-------------|
| Profit for the year attributable to owners of the parent (₹ in lakhs) | 17,160 | 19,032 |
| Weighted average number of shares for Basic EPS (Nos.) | 157,148,280 | 157,053,275 |
| Weighted average number of shares for Diluted EPS (Nos.) | 157,563,299 | 157,999,500 |
| Nominal value of equity shares (₹) | 2.00 | 2.00 |
| Earnings per share | | |
| Basic EPS (₹) | 10.92 | 12.12 |
| Diluted EPS (₹) | 10.89 | 12.05 |

46 Related party disclosures

a. List of related parties

i) Ultimate holding company

Rupee Finance and Management Private Limited (ceased to be ultimate holding company w.e.f. 6 October 2016 pursuant to the scheme of amalgamation - Refer note 41)

ii) Holding company

Whitehills Advisory Services Private Limited (ceased to be holding company w.e.f. 6 October 2016 pursuant to the scheme of amalgamation - Refer note 41)

iii) Joint ventures / Associate (Refer note 3A(ii)(d))

Joint ventures** - Essel Deutschland GmbH & Co. KG, Essel Deutschland Management GmbH

Associate - P.T. Lamipak Primula

**Ceased to be joint ventures (extent of holding 24.9%) and became wholly owned subsidiaries w.e.f. 30 September 2016



Notes forming part of the consolidated financial statements

iv) Other related parties with whom transactions have taken place during the year and balances outstanding at the year end

Aqualand (India) Limited, Ayepee Lamitubes Limited, Ganjam Trading Company Private Limited, Pan India Paryatan Private Limited, Sprit Infrapower & Multiventures Private Limited (formerly Sprit Textiles Private Limited), ITZ Cash Card Limited, Shrotra Enterprises Private Limited.

v) Key management personnel / Directors

| | |
|---------------------------------|---|
| Executive director | Mr. Ashok Goel (Chairman and Managing Director) |
| Independent director | Mr. Boman Moradian |
| Independent director | Mr. Mukund M. Chitale |
| Independent director | Ms. Radhika Pereira |
| Non - executive director | Mr. Atul Goel |

b. Transactions with related parties

(A) Transactions during the year

| | (₹ in lakhs) | |
|---|--------------|------|
| | 2018 | 2017 |
| a. Sales to and recoveries from | | |
| Joint ventures / Associate | - | 450 |
| Essel Deutschland GmbH & Co. KG | - | 436 |
| P. T Lamipak Primula | - | 14 |
| Other related parties | 21 | - |
| Shrotra Enterprises Private Limited | 21 | - |
| b. Royalty income | | |
| Joint ventures / Associate | - | 142 |
| Essel Deutschland GmbH & Co. KG | - | 142 |
| c. Purchase of goods and services | | |
| Other related parties | 53 | 21 |
| ITZ Cash Card Limited | 53 | 21 |
| d. Rent expenses | | |
| Other related parties | 1,017 | 934 |
| Ayepee Lamitubes Limited | 10 | 40 |
| Ganjam Trading Company Private Limited | 1,007 | 875 |
| Others | - | 19 |
| e. Guarantee commission paid | | |
| Other related parties | 449 | 513 |
| Aqualand (India) Limited | 449 | 513 |
| f. Deposits given | | |
| Other related parties | - | 550 |
| Ganjam Trading Company Private Limited | - | 550 |
| g. Repayment of loans / deposits given | | |
| Other related parties | 1,250 | 975 |
| Ayepee Lamitubes Limited | 1,250 | - |
| Ganjam Trading Company Private Limited * | - | 975 |

Notes forming part of the consolidated financial statements

| | (₹ in lakhs) | |
|--|--------------|--------------|
| | 2018 | 2017 |
| h. Interest income on loans given | | |
| Other related parties | 1,136 | 1,297 |
| Ganjam Trading Company Private Limited * | - | 111 |
| Sprit Infrapower & Multiventures Private Limited | 1,136 | 1,186 |
| i. Remuneration paid / provided | 640 | 717 |
| Mr. Ashok Goel | 640 | 717 |
| j. Commission to directors | 45 | 45 |
| Mr. Boman Moradian | 15 | 15 |
| Mr. Mukund M. Chitale | 15 | 15 |
| Ms. Radhika Pereira | 15 | 15 |
| k. Sitting fees | 7 | 9 |
| Mr. Boman Moradian | 3 | 4 |
| Mr. Mukund M. Chitale | 2 | 3 |
| Ms. Radhika Pereira | 2 | 2 |

* Repayment received of loan taken over pursuant to the scheme of amalgamation (Refer note 41) and interest thereon

(B) Balance outstanding

| | (₹ in lakhs) | |
|---|---------------|---------------|
| | 2018 | 2017 |
| a. Trade and other receivables | | |
| Other related parties | - | 1 |
| Shrotra Enterprises Private Limited | - | 1 |
| Ayeppee Lamitubes Limited | - | 0 |
| b. Loans / deposits given (including interest receivable) | | |
| Other related parties | 11,479 | 12,774 |
| Ayeppee Lamitubes Limited | - | 1,250 |
| Sprit Infrapower & Multiventures Private Limited | 10,629 | 10,674 |
| Others | 850 | 850 |
| c. Trade and other payables | | |
| Other related parties | 38 | - |
| Ganjam Trading Company Private Limited | 35 | - |
| Ayeppee Lamitubes Limited | 3 | - |
| d. Guarantees / security provided on group's behalf | | |
| Other related parties | 16,000 | 25,400 |
| Aqualand (India) Limited | 16,000 | 25,400 |
| [Loan outstanding ₹ 7,440 lakhs (31 March 2017 : ₹ 15,557 lakhs)] | | |
| e. Remuneration payable | 153 | 233 |
| Mr. Ashok Goel | 153 | 233 |
| f. Commission payable (Gross) | 45 | 45 |
| Mr. Boman Moradian | 15 | 15 |
| Mr. Mukund M. Chitale | 15 | 15 |
| Ms. Radhika Pereira | 15 | 15 |

Notes:

- i) All transactions with related parties are made on arm's length basis in the ordinary course of business. The outstanding balances at year end are unsecured due to be settled for consideration in cash.
- ii) Transactions with Joint ventures have been reported at proportionate value.
- iii) The above disclosures are excluding Ind AS adjustments



Notes forming part of the consolidated financial statements

c. Break up of remuneration of key management personnel of the Company

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| Chairman and Managing director | | |
| i. Salaries, allowances and perquisites [^] | 450 | 448 |
| ii. Contribution to provident and other funds | 37 | 36 |
| iii. Performance bonus [*] | 153 | 233 |
| Total | 640 | 717 |

[^] Excludes leave encashment and gratuity liability provided on the basis of actuarial valuation on an overall Company basis. Further the Essel Employee Stock Option Scheme 2014 does not extend to chairman and managing director, hence there is no share based compensation benefit.

^{*} The performance bonus for the current year has been provided in the accounts as recommended by the nomination and remuneration committee and approved by the Board of Directors. The total remuneration to Managing Director on this basis as computed as per the Companies Act, 2013 is within limits prescribed u/s 197 of the Companies Act, 2013.

- 47** Dividend of ₹ 3 lakhs (31 March 2017 : ₹ 2 lakhs) unclaimed for a period of more than seven years is transferred to Investor Education and Protection Fund during the year. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2018.

48 Dividends paid and proposed

| | (₹ in lakhs) | |
|--|--------------|-------|
| | 2018 | 2017 |
| a. Dividends on equity shares declared and paid | | |
| Final dividend paid in current year for the year ended 31 March 2017 ₹ 2.40 per share (Paid in previous year for the year ended 31 March 2016 : ₹. 2.20 per share) | 3,770 | 3,455 |
| Dividend distribution tax on above | 768 | 703 |
| b. Proposed dividends on equity shares | | |
| Final dividend proposed for the year ended 31 March 2018 ₹ 2.40 per share (31 March 2017 : ₹ 2.40 per share) | 3,772 | 3,770 |
| Dividend distribution tax on above | 775 | 768 |

Proposed dividends on equity shares are subject to approval of shareholders at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at the reporting date.

49 Corporate Social Responsibility (CSR)

During the year, the Company has towards various CSR initiatives spent ₹ 78 lakhs (31 March 2017 : ₹ 42 lakhs) as against ₹ 179 lakhs (31 March 2017 : ₹ 165 lakhs) as required by Section 135 read with Schedule VII of the Companies Act 2013. CSR spend has been charged to the consolidated statement of profit and loss under "Other expenses" in line with ICAI guidance note issued in May 2015.

50 Research and Development expenditure (R & D)

During the year, the Company has incurred total R & D expenditure of ₹ 532 lakhs (31 March 2017 : ₹ 562 lakhs) including capital expenditure of ₹ Nil (31 March 2017 : ₹ 66 lakhs), out of which the Company has claimed weighted tax deduction on eligible R & D expenditure of ₹ 440 lakhs (31 March 2017 : ₹ 470 lakhs) including capital expenditure of ₹ Nil (31 March 2017 : ₹ 66 lakhs) under section 35(2AB) of the Income Tax Act, 1961.

Notes forming part of the consolidated financial statements

51 Goods and Services Tax

Following the commencement of Goods and Services Tax (GST) with effect from 1 July 2017, revenue from operations for the period beginning 1 July 2017 is reported net of GST recovered, as required by Ind AS in case of parent company. However, prior to GST regime, excise duty recovered was included as part of revenue from operations for the reporting period till 30 June 2017 as required by Ind AS. Accordingly, the revenue from operations for the year ended 31 March 2018 are not comparable with the corresponding previous year figures presented in the consolidated financial statements. To facilitate comparison, the following additional information is being provided:

| | (₹ in lakhs) | |
|--|----------------|----------------|
| | 2018 | 2017 |
| Revenue from operations as reported* | 244,642 | 238,794 |
| Excise duty included in above (till 30 June 2017) | 2,254 | 8,565 |
| Revenue from operations excluding excise duty | 242,388 | 230,229 |

*Effective from 1 July 2017 following transition to GST, revenue is reported net of GST recovered.

52. Gratuity and other post employment benefit plans

The disclosures of employee benefits as defined in the Ind AS 19 - "Employee Benefits" are given below:

- a. The Company makes annual contributions to the employees' gratuity fund scheme, a funded defined benefit plan which is managed by the LIC of India and HDFC Bank. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
- b. Leave encashment is a non-funded defined benefit scheme. The obligation for leave encashment is recognized in the same manner as gratuity.
- c. Details of post retirement gratuity plan for India are as follows:-

i. Expenses recognised during the year in the consolidated statement of profit and loss

| | (₹ in lakhs) | |
|---------------------------|--------------|------------|
| | 2018 | 2017 |
| Current service cost | 84 | 66 |
| Interest cost | 76 | 59 |
| Benefits paid by employer | - | 1 |
| Net expenses | 160 | 126 |

ii Expenses recognised during the year in other comprehensive income (OCI)

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | (6) | 1 |
| Actuarial (gains) / losses arising from changes in financial assumptions | 83 | 101 |
| Actuarial (gains) / losses arising from changes in experience assumptions | 38 | 86 |
| Expected return on plan assets excluding interest | (2) | (6) |
| Net expenses recognised in OCI | 113 | 182 |



Notes forming part of the consolidated financial statements

iii Net liability recognised in the consolidated balance sheet

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| Present value of obligation | 1,569 | 1,304 |
| Less: Fair value of plan assets | 559 | 324 |
| Liability recognized in consolidated balance sheet | 1,010 | 980 |

iv. Reconciliation of opening and closing balances of defined benefit obligation

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| Defined benefit obligation as at the beginning of the year | 1,304 | 1,105 |
| Current service cost | 84 | 66 |
| Interest cost | 100 | 87 |
| Actuarial (gain) / loss on obligation | 115 | 188 |
| Liability transferred in/ (paid) | - | (18) |
| Benefits paid | (34) | (124) |
| Defined benefit obligation at the end of the year | 1,569 | 1,304 |

v Reconciliation of opening and closing balance of fair value of plan assets

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| Fair values of plan assets at the beginning of the year | 324 | 353 |
| Interest income | 24 | 28 |
| Return on plan assets, excluding interest income | 2 | 6 |
| Employer contribution | 243 | 61 |
| Benefits paid | (34) | (124) |
| Fair value of plan assets at year end | 559 | 324 |

vi Reconciliation of opening and closing balance of net defined benefit obligation

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| Defined benefit obligation as at the beginning of the year | 980 | 752 |
| Current service cost | 84 | 66 |
| Interest cost (net) | 76 | 59 |
| Actuarial (gain) / loss on obligation | 115 | 188 |
| Liability transferred in/ (paid) | - | (18) |
| Return on plan assets, excluding interest income | (2) | (6) |
| Employer contribution | (243) | (61) |
| Benefits paid | - | 0 |
| Net defined benefit obligation at the end of the year | 1,010 | 980 |

Notes forming part of the consolidated financial statements

vii. Investment details

| | (₹ in lakhs) | |
|-----------------------|--------------|------|
| | 2018 | 2017 |
| Insurer Managed Funds | 559 | 324 |

viii. Actuarial assumptions

| | 2018 | 2017 |
|--|---|---|
| Mortality Table | Indian Assured Lives mortality (2006-08) Ultimate | Indian Assured Lives mortality (2006-08) Ultimate |
| Discount rate(per annum) | 7.87% | 7.71% |
| Expected rate of return on plan assets (per annum) | 7.87% | 7.71% |
| Rate of escalation in salary (per annum) | 6.00% | 5.00% |
| Attrition rate | Service 4 years and below - 10%, others - 1% | Service 4 years and below - 5%, others - 1% |

ix. Quantitative sensitivity analysis

| | (₹ in lakhs) | |
|--|--------------|-------|
| | 2018 | 2017 |
| Projected benefit obligation on current assumptions | 1,569 | 1,304 |
| Increase by 1% in discount rate | (96) | (41) |
| Decrease by 1% in discount rate | 111 | 45 |
| Increase by 1% in rate of salary increase | 112 | 45 |
| Decrease by 1% in rate of salary increase | (99) | (43) |
| Increase by 1% in rate of employee turnover | 15 | 10 |
| Decrease by 1% in rate of employee turnover | (17) | (10) |

x. Maturity analysis of projected benefit obligation from the fund

| | (₹ in lakhs) | |
|--|--------------|-------|
| | 2018 | 2017 |
| Projected benefits payable in future years from the date of reporting | | |
| 1st Following Year | 239 | 221 |
| 2nd Following Year | 33 | 26 |
| 3rd Following Year | 524 | 30 |
| 4th Following Year | 49 | 505 |
| 5th Following Year | 61 | 43 |
| Sum of years 6 to 10 | 460 | 350 |
| Sum of years 11 and above | 1,916 | 1,475 |

Notes:

- Amounts recognized as an expense and included in the Note 33 "Employee benefits expense" are gratuity ₹ 84 lakhs (31 March 2017 : ₹ 66 lakhs) and leave encashment ₹ 153 lakhs (31 March 2017 : ₹ 241 lakhs). Net interest cost on defined benefit obligation recognised in Note 34 under "Finance costs" is ₹ 76 Lakhs (31 March 2017 : ₹ 59 Lakhs).



Notes forming part of the consolidated financial statements

- 2 The estimate of future salary increases considered in the actuarial valuation takes into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- 3 Contribution to provident and other funds" which is a defined contribution plan is recognized as an expense in Note 33 of the consolidated financial statements.

d. Details of post retirement gratuity plan in respect of a subsidiary in Philippines are as follows:-

The Company has a funded, noncontributory defined benefit pension plan covering substantially all its regular employees (main plan) and an unfunded, noncontributory defined benefit pension plan covering officers (supplemental plan). The benefits are based on the years of service and compensation of the employees. The tables below summarize the components of net pension benefits cost recognized in profit or loss and the funding status and amounts recognized in the balance sheets for the respective pension plans.

i. Expenses recognised during the year in the statement of profit and loss

| | (₹ in lakhs) | |
|---------------------------|--------------|-----------|
| | 2018 | 2017 |
| Current service cost | 25 | 23 |
| Interest cost | 11 | 13 |
| Benefits paid by employer | (8) | (10) |
| Net expenses | 28 | 26 |

ii. Expenses recognised during the year in other comprehensive income (OCI)

| | (₹ in lakhs) | |
|--|--------------|------|
| | 2018 | 2017 |
| Net actuarial (gain) / loss transferred to OCI | (38) | 43 |

iii. Net liability recognised in the consolidated balance sheet

| | (₹ in lakhs) | |
|---|--------------|-----------|
| | 2018 | 2017 |
| Fair value of plan assets | 137 | 128 |
| Present value of obligation | 174 | 202 |
| Liability recognized in the consolidated balance sheet | 37 | 74 |

iv. Reconciliation of opening and closing balances of defined benefit obligation

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| Defined benefit obligation as at the beginning of the year | 202 | 224 |
| Current service cost | 25 | 23 |
| Interest cost | 11 | 13 |
| Actuarial (gain) / loss on obligation | (26) | (2) |
| Liability transferred in/ (paid) | (9) | 40 |
| Benefits paid | (21) | (76) |
| Exchange Adjustments | (8) | (20) |
| Defined benefit obligation at the end of the year | 174 | 202 |

Notes forming part of the consolidated financial statements

v. Reconciliation of opening and closing balance of fair value of plan assets

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| Fair values of plan assets at the beginning of the year | 128 | 198 |
| Interest income | - | - |
| Return on plan assets, excluding interest income | 8 | 10 |
| Employer contribution | 25 | 13 |
| Benefits paid | (19) | (77) |
| Exchange Adjustments | (5) | (16) |
| Fair value of plan assets at year end | 137 | 128 |

vi. Reconciliation of opening and closing balance of net defined benefit obligation

| | (₹ in lakhs) | |
|---|--------------|-----------|
| | 2018 | 2017 |
| Defined benefit obligation as at the beginning of the year | 74 | 26 |
| Current service cost | 25 | 23 |
| Interest cost (net) | 11 | 13 |
| Actuarial (gain) / loss on obligation | (26) | (2) |
| Liability transferred in/ (paid) | (9) | 40 |
| Return on plan assets, excluding interest income | (8) | (10) |
| Employer contribution | (25) | (13) |
| Benefits paid | (2) | 1 |
| Exchange Adjustments | (3) | (4) |
| Net defined benefit obligation at the end of the year | 37 | 74 |

vii. Actuarial assumptions

| | 2018 | 2017 |
|--|-------|-------|
| Discount rate(per annum) | 7.39% | 5.44% |
| Expected rate of return on plan assets (per annum) | 5.23% | 5.00% |
| Rate of escalation in salary (per annum) | 7.00% | 6.00% |

viii. Quantitative sensitivity analysis

| | (₹ in lakhs) | |
|--|--------------|------------|
| | 2018 | 2017 |
| Projected benefit obligation on current assumptions | 174 | 202 |
| Increase by 0.5% in Discount rate | 173 | 189 |
| Decrease by 0.5% in Discount rate | 175 | 217 |
| Increase by 0.5% in Rate of Salary Increase | 175 | 217 |
| Decrease by 0.5% in Rate of Salary Increase | 173 | 188 |
| Increase by 0.5% in Rate of Employee Turnover | 173 | 200 |
| Decrease by 0.5% in Rate of Employee Turnover | 175 | 204 |

Notes:

- 1 Amounts recognized as an expense and included in the consolidated statement of profit and loss ₹ 28 lakhs (31 March 2017 : ₹ 26 lakhs).
- 2 The estimate of future salary increases considered in the actuarial valuation, taking into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



Notes forming part of the consolidated financial statements

53 Share-based payments

Employee stock option plan

- a) During the year 2014-15, the parent company had instituted an Essel Employee Stock Option Scheme 2014 (“the Scheme”) as approved by the Board of Directors for issuance of stock options to the eligible employees of the Company and of its subsidiaries, other than directors, promoters or person belonging to promoter group.

Subject to terms and conditions of the Scheme, the said options will vest on each of 1 July 2016, 1 July 2017 and 1 July 2018 to the extent mentioned in the letter of grant and can be exercised within a maximum period of four years from the date of vesting. When exercisable, each option is convertible into one equity share of ₹ 2 each fully paid up.

b) Summary of options granted under the Scheme

| | 2018 | | 2017 | |
|--|---|-------------------|---|-------------------|
| | Average exercise price per share option (₹) | Number of options | Average exercise price per share option (₹) | Number of options |
| Opening balance | 127.83 | 1,920,842 | 123.97 | 2,992,535 |
| Granted during the year | - | - | 203.56 | 152,507 |
| Exercised during the year (Refer note (i) below) | 121.65 | (80,166) | 121.65 | (57,333) |
| Forfeited during the year | | | | |
| - Non-vested options (Refer Note (ii) below) | 134.96 | (1,039,514) | 126.06 | (1,166,867) |
| - Vested options (Refer Note (iii) below) | 121.65 | (34,334) | - | - |
| Closing balance | | 766,828 | | 1,920,842 |
| Vested and exercisable | 121.65 | 766,828 | 121.65 | 881,328 |

c) Expiry date and exercise prices of the share options outstanding at the end of the year:

| Grant date | Expiry date | Exercise price (₹) | Share options | |
|---|--------------|--------------------|----------------|------------------|
| | | | 2018 | 2017 |
| 19 March 2015 | 30 June 2020 | 121.65 | 766,828 | 881,328 |
| 19 March 2015 | 30 June 2022 | 121.65 | - | 841,339 |
| 29 October 2015 | 30 June 2022 | 161.00 | - | 45,668 |
| 17 June 2016 | 30 June 2022 | 196.40 | - | 113,096 |
| 1 September 2016 | 30 June 2022 | 224.10 | - | 39,411 |
| Total | | | 766,828 | 1,920,842 |
| Weighted average remaining contractual life of options outstanding at end of period | | | 2.25 | 4.33 |

Notes forming part of the consolidated financial statements

- d) The fair value of each option granted is estimated on the date of grant using the black scholes model with the following assumptions

| Scheme | A | B | C | D |
|--|------------------|--------------------|-----------------|---------------------|
| Grant date | 19 March 2015 | 29 October 2015 | 17 June 2016 | 1 September 2016 |
| Weighted average fair value of options granted | 49.20 | 59.58 | 75.34 | 81.78 |
| Exercise price (₹) | 121.65 | 161.00 | 196.40 | 224.10 |
| Share price at the grant date (₹) | 116.50 | 160.00 | 194.75 | 222.70 |
| Expected volatility | 47.55% | 37.90% | 40.24% | 39.46% |
| Risk free interest rate | 7.64% | 7.52% | 7.28% | 6.87% |
| Dividend yield | 1.28% | 1.28% | 0.93% | 0.93% |
| Expected life of the options (years) | 3.29 to 5.29 | 3.67 to 4.67 | 4.04 | 3.83 |

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

- e) Expense arising from share based payments transactions

| | (₹ in lakhs) | |
|--|--------------|------|
| | 2018 | 2017 |
| Expense / (credit) arising from share based payments (net) (Refer note 33) | (342) | 28 |

Notes:

- (i) *The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2018 was ₹ 277.77 (31 March 2017 : ₹ 249.39)
- (ii) Forfeited on account of non-market performance vesting conditions not achieved.
- (iii) Forfeited on account of employees resigned without exercising.

54 Business combinations

There are no acquisitions during the year ending 31 March 2018. Details of acquisitions done in the previous year are as under:

A Summary of acquisition

- i) On 30 September 2016, Lamitube Technologies Limited, wholly owned subsidiary of the Company, acquired the balance 75.1% of the issued capital of joint ventures i.e. Essel Deutschland Management GmbH and Essel Deutschland GmbH & Co. KG engaged in manufacture of plastic packaging material in the form of multilayer collapsible tubes and laminates for packaging of beauty & cosmetics, pharmaceuticals, food, household, industrial and oral care products.

This acquisition raised the group's ownership in above companies to 100%.



Notes forming part of the consolidated financial statements

Summary of assets acquired and liabilities assumed as at the acquisition date (30 September 2016):

The fair values of the identifiable assets and liabilities of the above joint ventures at the date of acquisition are as under:

(₹ in lakhs)

| | Essel Deutschland Management GmbH | Essel Deutschland GmbH & Co. KG | Total |
|---|--|---------------------------------------|---------------|
| Assets | | | |
| Trade and other receivables (Current) | - | 2,086 | 2,086 |
| Inventories | - | 3,640 | 3,640 |
| Cash and bank balances | 52 | 2,099 | 2,151 |
| Other assets | 1 | 983 | 984 |
| Intangible assets - customer contract / concessions | - | 45 | 45 |
| Property, plant and equipment | - | 16,934 | 16,934 |
| Total assets (A) | 53 | 25,787 | 25,840 |
| Less: Liabilities | | | |
| Borrowings | - | 3,711 | 3,711 |
| Current liabilities | 6 | 4,831 | 4,837 |
| Non-current liabilities | - | 1,989 | 1,989 |
| Total liabilities (B) | 6 | 10,531 | 10,537 |
| Net identifiable assets acquired (A-B) | 47 | 15,256 | 15,303 |

ii) Purchase consideration

(₹ in lakhs)

| | Essel Deutschland Management GmbH | Essel Deutschland GmbH & Co. KG | Total |
|-------------------------------------|--|---------------------------------------|---------------|
| Cash paid | 28 | 12,880 | 12,908 |
| Total purchase consideration | 28 | 12,880 | 12,908 |

iii) Acquisition date fair value of the previously held equity interest

(₹ in lakhs)

| | Essel Deutschland Management GmbH | Essel Deutschland GmbH & Co. KG | Total |
|---|--|---------------------------------------|--------------|
| Fair value of the previously held equity interest | 12 | 3,799 | 3,811 |
| Acquisition date fair value of the previously held equity interest | 12 | 3,799 | 3,811 |

Notes forming part of the consolidated financial statements

iv) Computation of goodwill

(₹ in lakhs)

| | Essel Deutschland Management GmbH | Essel Deutschland GmbH & Co. KG |
|--|--|---------------------------------------|
| Consideration transferred | 28 | 12,880 |
| Acquisition date fair value of the previously held equity interest | 12 | 3,799 |
| Less: Net assets acquired | (47) | (15,256) |
| Goodwill / (capital reserve) arising on acquisition | (7) | 1,423 |

v) The group previously held 24.9% in both the joint ventures. The same was accounted as per equity method till 30 September 2016. Gain recognised in the previous year ended 31 March 2017 as a result of remeasuring this equity interest in the acquiree at fair value is transferred to the consolidated statement of profit and loss as detailed in (vi) below.

vi) **Gain recognised in the previous year as a result of remeasuring the equity interest in the acquiree at fair value**

(₹ in lakhs)

| | Essel Deutschland Management GmbH | Essel Deutschland GmbH & Co. KG | Total |
|--|--|---------------------------------------|--------------|
| Acquisition date fair value of the previously held equity interest | 12 | 3,799 | 3,811 |
| Add: Foreign currency translation reserve | - | 142 | 142 |
| Less: Carrying value of the previously held equity interest | (12) | (1,423) | (1,435) |
| Gain recognised as exceptional item (Refer note 44) | - | 2,518 | 2,518 |

B Purchase consideration - cash outflow

(₹ in lakhs)

| | 2017 |
|---|---------------|
| Outflow of cash to acquire subsidiaries, net of cash acquired | |
| Cash consideration | 12,908 |
| Less: Acquired on acquisition | |
| Cash and bank balances | 2,151 |
| Net outflow of cash - investing activities | 10,757 |



Notes forming part of the consolidated financial statements

55 Interest in Associate and Joint ventures

a) Interest in Associate

The group has 30% interest in PT Lamipack Primula (associate) having its operations in Indonesia. The group's interest in the associate is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the group's investment in the associate is as under :

i) Summarised balance sheet is as under:

| | (₹ in lakhs) | |
|--|--------------|--------------|
| | 2018 | 2017 |
| Current assets | 9,627 | 9,643 |
| Non-current assets* | 7,648 | 7,896 |
| Current liabilities | (10,532) | (8,018) |
| Non-current liabilities | (4,091) | (6,143) |
| Equity | 2,652 | 3,378 |
| Proportion of the Company's ownership (%) | 30% | 30% |
| Proportion of the Company's ownership (₹) | 796 | 1,012 |
| Add: Goodwill | 514 | 514 |
| Carrying amount of the investments (Refer note 5) | 1,310 | 1,526 |

*Non-current assets is net of adjustment for policy difference and is after excluding the effect of revaluation of property, plant and equipment done by the associate amounting to ₹ 2,612 lakhs as at 31 March 2018 and ₹ 2,723 lakhs as 31 March 2017 to align with the Group's policy.

ii) Summarised statement of profit and loss is as under:

| | (₹ in lakhs) | |
|---|--------------|------------|
| | 2018 | 2017 |
| Total revenue | 16,339 | 16,585 |
| Profit for the year | (795) | 193 |
| Other comprehensive income for the year | (119) | (32) |
| Total comprehensive income | (914) | 161 |
| Group's share of profit for the year (30%) | (239) | 58 |
| Group's share of Other comprehensive income (30%) | (36) | (10) |

iii) Dividend received:

| | (₹ in lakhs) | |
|----------------------------------|--------------|------|
| | 2018 | 2017 |
| Dividend received from Associate | 85 | - |

b) Interest in Joint ventures

i) The group had interest in following joint ventures which was accounted for using the equity method in the CFS :

| Name of entity | Place of business | % of ownership interest | Relationship |
|-------------------------------------|-------------------|-------------------------|---------------|
| Essel Deutschland Management GmbH** | Germany | 24.9% | Joint venture |
| Essel Deutschland GmbH & Co. KG** | Germany | 24.9% | Joint venture |

** Ceased to be joint ventures and became wholly owned subsidiaries w.e.f. 30 September 2016 [Refer note 3A(ii)(d)]

Notes forming part of the consolidated financial statements

ii) Summarised balance sheet is as under:

(₹ in lakhs)

| Essel Deutschland GmbH & Co. KG * | As at 30 September 2016 |
|--|----------------------------|
| Current assets | |
| Cash and cash equivalents | 910 |
| Other assets | 5,282 |
| Total Current assets | 6,192 |
| Total non-current assets | 9,113 |
| Current liabilities | |
| Financial liabilities (excluding trade payables) | (2,418) |
| Other liabilities | (4,171) |
| Total current liabilities | (6,589) |
| Non-current liabilities | |
| Financial liabilities (excluding trade payables) | (3,521) |
| Other liabilities | (54) |
| Total non-current liabilities | (3,575) |
| Equity | 5,141 |
| Proportion of the Company's ownership | 24.9% |
| Carrying amount of the investment | 1,280 |
| Less: Transferred on acquisition | (1,280) |
| Net amount | - |

(₹ in lakhs)

| Essel Deutschland Management GmbH* | As at 30 September 2016 |
|--|----------------------------|
| Current assets | |
| Cash and cash equivalents | 52 |
| Other assets | 1 |
| Total current assets | 53 |
| Total non-current assets | - |
| Current liabilities | |
| Financial liabilities (excluding trade payables) | - |
| Other liabilities | (5) |
| Total current liabilities | (5) |
| Equity | 48 |
| Proportion of the Company's ownership | 24.9% |
| Carrying amount of the investment | 12 |
| Less: Transferred on acquisition | (12) |
| Net amount | - |



Notes forming part of the consolidated financial statements

iii) Summarised statement of profit and loss is as under:

| | (₹ in lakhs) |
|---|--|
| Essel Deutschland GmbH & Co. KG * | Half year ended 30 September 2016 |
| Revenue from operations | 12,228 |
| Other income | 237 |
| Cost of raw material and components | (7,051) |
| Depreciation | (829) |
| Finance costs | (52) |
| Other expenses | (4,304) |
| Profit before tax | 229 |
| Less: Income tax expense | (39) |
| Profit / (loss) for the year | 190 |
| Add: Other comprehensive income | - |
| Total comprehensive income | 190 |
| Group's share of profit for the year (24.9%) | 47 |
| Group's share of Other comprehensive income (24.9%) | - |

| | (₹ in lakhs) |
|---|--|
| Essel Deutschland Management GmbH* | Half year ended 30 September 2016 |
| Revenue from operations | 44 |
| Other income | - |
| Cost of raw material and components | - |
| Depreciation | - |
| Finance costs | - |
| Other expenses | (43) |
| Profit before tax | 1 |
| Less: Income tax expense | 1 |
| Profit / (loss) for the year | - |
| Add: Other comprehensive income | - |
| Total comprehensive income | - |
| Group's share of profit for the year (24.9%) | - |
| Group's share of Other comprehensive income (24.9%) | - |

* Accounted as wholly owned subsidiaries effective from 30 September 2016

Notes forming part of the consolidated financial statements

56 Income tax

a) The major components of income tax for the year ended 31 March 2018 are as under:

i) Income tax related to items recognised directly in the consolidated statement of profit and loss during the year

| | (₹ in lakhs) | |
|---|--------------|--------------|
| | 2018 | 2017 |
| Current tax | | |
| Current tax on profits for the year | 9,342 | 7,175 |
| Adjustments for current tax of prior periods | (218) | (91) |
| Total current tax expense | 9,124 | 7,084 |
| Deferred tax | | |
| Relating to origination and reversal of temporary differences | (233) | 785 |
| Income tax expense reported in the consolidated statement of profit and loss | 8,891 | 7,869 |

ii) Deferred tax related to items recognized in Other Comprehensive Income (OCI) during the year

| | (₹ in lakhs) | |
|---|--------------|-----------|
| | 2018 | 2017 |
| Deferred tax on remeasurements of the defined benefit plans | 29 | 75 |
| Deferred tax on share of OCI of associate | 7 | 3 |
| Deferred tax recognised in OCI | 36 | 78 |

b) Reconciliation of tax expense and the accounting profit for the year is as under:

| | (₹ in lakhs) | |
|--|---------------|---------------|
| | 2018 | 2017 |
| Profit before tax | 26,312 | 27,429 |
| Income tax expense calculated at corporate tax rate* | 9,194 | 9,493 |
| Adjustments in respect of current income tax in respect of previous years | (115) | 13 |
| Utilisation of unrecognised deferred tax assets on unused tax losses | (208) | (241) |
| Tax effect on non-deductible expenses | 1,859 | 1,102 |
| Additional allowance for tax purpose | (1,180) | (756) |
| Effect of income that is exempted from tax | (171) | (342) |
| Effect of different tax rates | (449) | (1,327) |
| Other temporary differences | (39) | (73) |
| Income tax expense charged to the consolidated statement of profit and loss | 8,891 | 7,869 |

* The tax rate used for reconciliation above is the corporate tax rate of 34.944% (31 March 2017 : 34.608%) payable by parent entity in India on taxable profits under Indian tax law.



Notes forming part of the consolidated financial statements

c) Deferred tax relates to the following:

(₹ in lakhs)

| | Balance sheet | | Recognised in the statement of profit and loss | | Recognised in OCI | |
|---|---------------|--------------|--|--------------|-------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Deferred tax liabilities (net) | | | | | | |
| Taxable temporary differences | | | | | | |
| Depreciation on property, plant and equipment and intangible assets | 3,664 | 4,381 | (717) | 831 | - | - |
| Outside basis tax | 944 | 744 | 200 | (22) | - | - |
| Unamortised ancillary borrowing costs | 9 | 33 | (24) | (9) | - | - |
| Other taxable temporary differences | 18 | - | 18 | - | - | - |
| | 4,635 | 5,158 | (523) | 800 | - | - |
| Less : Deductible temporary differences | | | | | | |
| Employee benefits / expenses allowable on payment basis | 873 | 671 | (202) | 122 | - | - |
| Allowance for bad and doubtful debts | 196 | 194 | (2) | 3 | - | - |
| Other deductible temporary differences | - | 217 | 217 | 57 | - | - |
| | 1,069 | 1,082 | 13 | 182 | - | - |
| Deferred tax liabilities (net) (a) | 3,566 | 4,076 | (510) | 618 | - | - |
| Deferred tax assets (net) | | | | | | |
| Deductible temporary differences | | | | | | |
| Employee benefits / expenses allowable on payment basis | 304 | 405 | 137 | (259) | (36) | (78) |
| Unrealised profit on Inter company transactions | 113 | 196 | 83 | (37) | - | - |
| Unused tax losses | 137 | 315 | 178 | (41) | - | - |
| | 554 | 916 | 398 | (337) | (36) | (78) |
| Less : Taxable temporary differences | | | | | | |
| Other taxable temporary differences | 11 | 12 | (1) | (3) | - | - |
| | 11 | 12 | (1) | (3) | - | - |
| Deferred tax assets (net) (b) | 543 | 904 | 397 | (334) | | |
| Sub-total (a-b) | | | (113) | 952 | | |
| Add: Foreign currency translation | | | (120) | 20 | | |
| Less: Deferred tax movement on acquisition of joint ventures | | | - | (187) | | |
| Deferred tax charge / (credit) recognised in the consolidated statement of profit and loss | | | (233) | 785 | (36) | (78) |

Notes forming part of the consolidated financial statements

- d) The parent company and its subsidiaries have the following unused tax losses which arose on incurrance of capital losses and business losses under the Income Tax for which no deferred tax asset (DTA) has been recognised

| | (₹ in lakhs) | |
|----------------------|--------------|-------|
| | 2018 | 2017 |
| Business loss | 3,963 | 4,425 |
| DTA on business loss | 747 | 854 |
| Capital loss | 2,714 | 2,714 |
| DTA on capital loss | 632 | 615 |

57 Financial risk management

The group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk - Foreign currency; and
- Market risk - Interest rate

A Credit risk

Credit risk is the risk of financial loss to the group if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including lease rental deposits, deposits with banks and other financial instruments. Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed.

i) Trade receivables

The group extends credit to customers in the normal course of business. The group considers factors such as financial conditions / market practices, credit track record in the market, analysis of historical bad debts and past dealings for extension of credit to customers. Individual credit limits are set accordingly. The group monitors the payment track record of the customers and ageing of receivables. Outstanding customer receivables are regularly monitored. The group considers the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The group has also taken advances and security deposits from some of its customers, which mitigate the credit risk to an extent.

- ii) **The ageing analysis of the receivables (net of allowance for bad and doubtful debts) has been considered from the date the invoice falls due.**

| | (₹ in lakhs) | |
|--------------------|---------------|---------------|
| | 2018 | 2017 |
| Up to 3 months | 44,133 | 36,541 |
| 3 to 6 months | 1,345 | 786 |
| More than 6 months | 426 | 335 |
| Total | 45,904 | 37,662 |



Notes forming part of the consolidated financial statements

iii) The following table summarizes the change in the allowance for bad and doubtful debts :

| | (₹ in lakhs) |
|----------------------------|--------------|
| As at 1 April 2016 | 704 |
| Provided during the year | 245 |
| Amounts written off | (188) |
| Reversals of provision | (111) |
| As at 31 March 2017 | 650 |
| Provided during the year | 174 |
| Amounts written off | (134) |
| Reversals of provision | (39) |
| As at 31 March 2018 | 651 |

The Group uses a provision matrix whereby trade receivables are considered impaired based on past trends where such receivables are outstanding for more than a year. The allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2018 and 31 March 2017 is not material and the same has not been recognised. The reversal for lifetime expected credit loss on customer balances for the year ended 31 March 2018 is ₹ Nil (31 March 2017: ₹ Nil)

iv) Other financial instruments

The group considers factors such as track record, size of the institution, market reputation, financial strength / rating and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the group has also availed borrowings. Security deposits against leasing of premises / equipments are refundable upon closure of the lease and hence credit risk associated with such deposits is relatively low.

B Liquidity risk

- i) Liquidity risk is defined as the risk that the group will not be able to settle or meet its obligations on time or at a reasonable price. For the group, liquidity risk arises from obligations on account of financial liabilities – borrowings, trade payables, derivative instruments and other financial liabilities.

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. It maintains adequate sources of financing including loans, debts and overdraft from banks. It also enjoys strong access to domestic capital markets across various debt instruments.

Notes forming part of the consolidated financial statements

ii) Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted.

As at 31 March 2018

Maturities of non - derivative financial liabilities (₹ in lakhs)

| | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|-----------------------------|------------------|-----------------------|----------------|----------------|
| Long term borrowings | 13,853 | 38,342 | 4,018 | 56,213 |
| Short term borrowings | 17,504 | - | - | 17,504 |
| Interest payable | 2,318 | 5,095 | 1,908 | 9,321 |
| Trade payables | 18,842 | - | - | 18,842 |
| Other financial liabilities | 15,522 | - | - | 15,522 |
| Total | 68,039 | 43,437 | 5,926 | 117,402 |

Maturities of derivative financial liabilities (₹ in lakhs)

| | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|------------------------------------|------------------|-----------------------|----------------|----------|
| Foreign exchange forward contracts | 5 | - | - | 5 |
| Total | 5 | - | - | 5 |

As at 31 March 2017

Maturities of non - derivative financial liabilities (₹ in lakhs)

| | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|-----------------------------|------------------|-----------------------|----------------|----------------|
| Long-term borrowings | 10,644 | 46,486 | 14,823 | 71,953 |
| Short-term borrowings | 8,685 | - | - | 8,685 |
| Interest payable | 3,362 | 7,497 | 2,351 | 13,210 |
| Trade payables | 14,732 | - | - | 14,732 |
| Other financial liabilities | 14,845 | - | - | 14,845 |
| Total | 52,268 | 53,983 | 17,174 | 123,425 |

Maturities of derivative financial liabilities (₹ in lakhs)

| | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|------------------------------------|------------------|-----------------------|----------------|------------|
| Foreign exchange forward contracts | 440 | - | - | 440 |
| Interest rate swap contract | 8 | - | - | 8 |
| Total | 448 | - | - | 448 |

C Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity



Notes forming part of the consolidated financial statements

of the relevant profit and loss item is the effect of the assumed changes in respective market risks.

The group's activities expose it to risks on account of changes in foreign currency exchange rates and interest rates. The Company uses derivative financial instruments such as foreign exchange forward contracts and interest rate swaps of varying maturity depending upon the underlying contract as a risk management strategy to manage its exposures to foreign exchange fluctuations and interest rate.

I Foreign currency risk

Currency risk is the risk that the fair value or future cash flows fluctuate because of changes in market prices of various currencies against the functional currency. The Group is exposed to currency risk on their receivables, payables and foreign currency loans and advances held other than in their respective functional currencies. Such exposure is with respect to the United State Dollar ("USD"), the Euro ("EUR"), the Swiss Franc ("CHF"), the Pound Sterling ("GBP") and others. Consequently, the Group is exposed primarily to the risk that the exchange rate of the functional currency relative to the USD, the EUR, the CHF, the GBP and others may change in a manner that has a material effect on the reported values of the Company and its subsidiaries' assets and liabilities that are denominated in these foreign currencies.

The group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies, including minimising cross currency transactions, using natural hedge and use of derivatives like foreign exchange forward contracts in order to minimise the impact of exchange rate movements on the results. The unhedged exposures are monitored and kept to minimum feasible.

Exchange differences arising on translation are accumulated in the Foreign Currency Translation Reserve (FCTR) until the disposal of foreign operations.

a) Foreign currency risk exposure

(₹ in lakhs)

| | 2018 | | | | | 2017 | | | | |
|--|--------------|--------------|-----------|------------|------------|--------------|--------------|------------|------------|------------|
| | USD | EUR | CHF | GBP | Others | USD | EUR | CHF | GBP | Others |
| Financial assets | | | | | | | | | | |
| Trade receivables | 5,547 | 2,005 | 74 | 61 | - | 5,412 | 6,595 | - | 141 | 504 |
| Cash and bank balances | 873 | 205 | 0 | - | - | 494 | 274 | - | 292 | 3 |
| Others | 253 | 56 | - | - | 230 | 221 | 68 | - | - | 186 |
| Derivative assets | | | | | | | | | | |
| Foreign exchange forward contracts | (13) | - | - | - | - | (649) | - | - | - | (504) |
| Net exposure to foreign currency risk (assets) | 6,660 | 2,266 | 74 | 61 | 230 | 5,478 | 6,937 | - | 433 | 189 |
| Financial liabilities | | | | | | | | | | |
| Borrowings | 370 | 1,002 | 1,245 | - | - | 1,751 | 3,907 | 1,302 | - | - |
| Trade payables | 4,838 | 2,897 | - | 743 | 491 | 5,542 | 2,799 | 519 | 389 | 160 |
| Others | 32 | - | 3 | - | 18 | 255 | 48 | 5 | - | 17 |
| Derivative liabilities | | | | | | | | | | |
| Foreign exchange forward contracts | (1,208) | - | (1,245) | - | (247) | (3,967) | - | (1,302) | - | (122) |
| Net exposure to foreign currency risk (liabilities) | 4,032 | 3,899 | 3 | 743 | 262 | 3,581 | 6,754 | 524 | 389 | 55 |

Notes forming part of the consolidated financial statements

The above table exclude foreign currency exposures (financial liabilities) of ₹ 6,768 lakhs (31 March 2017 : ₹ 11,860 lakhs) denominated primarily in USD, EUR and CHF currencies for which the exchange differences (net) are being capitalised to cost of property, plant and equipment. Accordingly the corresponding foreign exchange forward contracts against these financial liabilities amounting to ₹ 1,829 lakhs (31 March 2017 : ₹ 4,828 lakhs) have been excluded.

b) Sensitivity to foreign currency risk

The following table demonstrates the sensitivity in the USD, EUR, CHF, GBP and other currencies with all other variables held constant. The below impact on the group's profit before tax and equity is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

(₹ in lakhs)

| Currencies / Sensitivity | 2018 | | 2017 | |
|--------------------------|---------------------------------|------------------------|---------------------------------|------------------------|
| | Increase by 5% (Loss) / Gain | Decrease by 5% Gain | Increase by 5% (Loss) / Gain | Decrease by 5% Gain |
| USD | 131.44 | (131.44) | 94.88 | (94.88) |
| EUR | (81.66) | 81.66 | 9.13 | (9.13) |
| CHF | 3.56 | (3.56) | (26.20) | 26.20 |
| GBP | (34.09) | 34.09 | 2.26 | (2.26) |
| Others | (1.59) | 1.59 | 6.76 | (6.76) |

II Interest rate risk

This refers to risk to group's cash flow and profits on account of movement in market interest rates.

For the group the interest risk arises mainly from interest bearing borrowings which are at floating interest rates. To mitigate interest rate risk, the group closely monitors market interest and as appropriate make use of hedge products such as interest rate swaps.

a) Interest rate risk exposure

(₹ in lakhs)

| | 2018 | 2017 |
|--------------------------|---------------|---------------|
| Variable rate borrowings | 62,725 | 74,049 |
| Fixed rate borrowings | 10,992 | 6,589 |
| Total borrowings | 73,717 | 80,638 |

b) Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rate of 50 basis point increase or decrease. The calculations are based on the variable rate borrowings outstanding at balance sheet date. All other parameters are held constant.

(₹ in lakhs)

| | Impact on profit after tax | |
|--|----------------------------|-------|
| | 2018 | 2017 |
| Interest rates - (increase) by 50 basis points | (314) | (375) |
| Interest rates - decrease by 50 basis points | 314 | 375 |



Notes forming part of the consolidated financial statements

58 Capital management

a) Risk management

The group manages its capital structure and makes necessary adjustments in light of changes in economic conditions and the requirement of financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or raise / retire debt. The primary objective of the group's capital management is to maximise the shareholders' value.

For the purpose of the group's capital management, equity includes issued capital, securities premium and other reserves. Net debt includes loans less cash and bank balances. The group manages capital by monitoring gearing ratio which is net debt divided by equity plus net debt.

The capital composition is as follows:

| | (₹ in lakhs) | |
|--|----------------|----------------|
| | 2018 | 2017 |
| Gross debt (inclusive of long term and short term borrowing) | 73,717 | 80,638 |
| Less: Cash and bank balances* | 17,378 | 10,313 |
| Net debt | 56,339 | 70,325 |
| Total equity (including non-controlling interest) | 125,489 | 104,471 |
| Total capital | 181,828 | 174,796 |
| Gearing ratio | 31% | 40% |

* Including deposits with banks having original maturity period of more than 12 months of ₹ 20 lakhs (31 March 2017 ₹ 29 lakhs) shown under other non current financial assets.

b) Loan covenants

Borrowings contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, debt to EBITDA ratio, interest service coverage ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended once the Group meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of adoption of the consolidated financial statements. The Group has also satisfied all other debt covenants prescribed in the respective sanction of bank loan. The deferred sales tax loans and finance leases do not carry any debt covenant.

Notes forming part of the consolidated financial statements

59 Fair value measurements

i) Financial instruments by category:

(₹ in lakhs)

| | 2018 | | 2017 | |
|---|-----------|----------------|------------|----------------|
| | FVTPL | Amortised cost | FVTPL | Amortised cost |
| Financial assets | | | | |
| Loans | | 12,636 | - | 13,651 |
| Trade receivables | - | 45,904 | - | 37,662 |
| Cash and bank balances* | - | 17,378 | - | 10,313 |
| Derivative instruments | 41 | - | 2 | - |
| Other financial assets | - | 198 | - | 198 |
| Total financial assets | 41 | 76,116 | 2 | 61,824 |
| Financial liabilities | | | | |
| Borrowings (including current maturities) | - | 73,404 | - | 79,835 |
| Trade payables | - | 18,842 | - | 14,732 |
| Derivative instruments | 5 | - | 448 | - |
| Other financial liabilities | - | 15,522 | - | 14,845 |
| Total financial liabilities | 5 | 107,768 | 448 | 109,412 |

* Including deposits with banks having original maturity period of more than twelve months of ₹ 20 lakhs (31 March 2017 ₹ 29 lakhs) shown under other non current financial assets.

ii) Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount 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.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the consolidated 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 Indian Accounting Standards. An explanation of each level follows underneath the table.

- Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices.
- Level 2:** The fair value of financial instruments that are not traded in an active market 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. Instruments in the level 2 category for the group include interest rate swaps and foreign exchange forward contract.
- Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in this level.



Notes forming part of the consolidated financial statements

iii) Financial assets and liabilities measured at fair value through profit or loss at each reporting date

(₹ in lakhs)

| | 2018 | | | 2017 | | |
|--|----------|-----------|----------|----------|------------|----------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets measured at FVTPL | | | | | | |
| Non-current investments | - | - | - | - | - | - |
| Derivative instruments | - | 41 | - | - | 2 | - |
| Total | - | 41 | - | - | 2 | - |
| Financial liabilities measured at FVTPL | | | | | | |
| Derivative instruments | - | 5 | - | - | 448 | - |
| Total | - | 5 | - | - | 448 | - |

iv) Non-current financial assets and liabilities measured at amortised cost at each reporting date

(₹ in lakhs)

| | 2018 | | 2017 | |
|--|------------|-----------------|------------|-----------------|
| | Fair value | Carrying amount | Fair value | Carrying amount |
| Non-current financial assets | | | | |
| Loans | 1,389 | 1,358 | 2,500 | 2,453 |
| Other financial assets | 17 | 20 | 24 | 29 |
| Non-current financial liabilities | | | | |
| Borrowings | 44,922 | 44,922 | 60,496 | 60,496 |

Notes:

- The group's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.
- The fair values for "Non-current financial assets" comprising of lease rental deposits and bank deposits (due for maturity after twelve months from the reporting date) are based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs including counterparty credit risk.
- The carrying amounts of trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, current loans, other current financial assets, current borrowings, trade payables and other financial liabilities approximates the fair values due to the short-term maturities of these financial assets / liabilities.
- There have been no transfers between level 1, level 2 and level 3 for the years ended 31 March 2018 and 31 March 2017.

v) Valuation techniques used to determine fair value

The fair value of foreign exchange forward contracts is determined using forward exchange rates at the balance sheet date. The fair values of the remaining financial instruments is determined using discounted cash flow method.

Notes forming part of the consolidated financial statements

60 Reconciliation between opening and closing balances in the consolidated balance sheet for liabilities arising from financing activities as required by Ind AS 7 "Statement of Cash Flows" is as under:

(₹ in lakhs)

| | As at 1 April 2017 | Cash inflows | Cash outflows | Non cash changes | | As at 31 March 2018 |
|--|-----------------------|-----------------|------------------|---------------------|------------------|------------------------|
| | | | | Interest accrued | Other Changes | |
| Equity share capital | 3,143 | 2 | - | - | - | 3,145 |
| Securities premium | 10,987 | 96 | - | - | 35 | 11,118 |
| Non-convertible debentures (including current maturities) | 8,969 | 5,000 | (5,000) | 154 | (11) | 9,112 |
| Long-term borrowings (including current maturities) | 56,728 | - | (12,113) | - | 287 | 44,902 |
| Finance lease (including current maturities) | 5,450 | - | (565) | - | - | 4,885 |
| Short-term borrowings | 8,688 | 23,894 | (18,202) | 125 | - | 14,505 |

61 (a) Segment information

The Company for evaluating group performance and for allocating resources based on analysis of various performance indicators, has identified four operative segments by geography.

Geographical segmentation:

- Africa, Middle East and South Asia (AMESA region) include operations in India and Egypt.
- East Asia Pacific (EAP region) includes operations in China and Philippines
- Americas region includes operations in United States of America, Mexico and Colombia.
- Europe region includes operations in Germany, United Kingdom, Poland and Russia.



Notes forming part of the consolidated financial statements

Segment reporting as at and for the year ended 31 March 2018

Primary segment disclosure - Geographical segment

(₹ in lakhs)

| | AMESA | EAP | Americas | Europe | Unallocated | Eliminations | Total |
|---|---------------|---------------|---------------|---------------|-------------|----------------|----------------|
| Revenue | | | | | | | |
| External sales and services | 91,616 | 53,221 | 48,846 | 50,959 | - | - | 244,642 |
| Inter-segment sales and services | 1,868 | 4,216 | - | - | 77 | (6,161) | |
| Total revenue | 93,484 | 57,437 | 48,846 | 50,959 | 77 | (6,161) | 244,642 |
| Segment Results | | | | | | | |
| | 14,123 | 9,050 | 6,112 | 1,200 | (401) | 484 | 30,568 |
| Add / (Less) : | | | | | | | |
| Other income (including interest income of ₹1319 lakhs) | | | | | | | 2,637 |
| Exchange difference gain / (loss) (net) | | | | | | | (800) |
| Finance costs | | | | | | | (5,491) |
| Share of profit from associate and joint ventures | | | | | | | (104) |
| Profit before tax and exceptional items | | | | | | | 26,810 |
| Less : Exceptional items (net) (Refer note 44) | | | | | | | (498) |
| Profit before tax | | | | | | | 26,312 |
| Less: Tax expense | | | | | | | |
| Current tax | | | | | | | 9,124 |
| Deferred tax charge / (credit) | | | | | | | (233) |
| Profit after tax before non-controlling interest | | | | | | | 17,421 |
| Less: Non-controlling interest | | | | | | | 261 |
| Profit for the year attributable to owners of the parent | | | | | | | 17,160 |

Other segment information:

| | AMESA | EAP | Americas | Europe | Unallocated | Eliminations | Total |
|--|--------|--------|----------|--------|-------------|--------------|----------------|
| 1. Segment assets * | 70,515 | 55,039 | 40,591 | 57,713 | 24,263 | (2,661) | 245,460 |
| 2. Segment liabilities | 13,739 | 10,782 | 6,470 | 11,463 | 79,487 | (1,970) | 119,971 |
| 3. Non current assets ** | 40,488 | 25,695 | 22,092 | 36,367 | 4,726 | (538) | 128,830 |
| 4. Capital expenditure | 6,940 | 2,246 | 2,075 | 2,835 | - | (42) | 14,054 |
| 5. Depreciation and amortisation expense | 7,036 | 3,432 | 2,270 | 3,905 | 150 | (86) | 16,707 |

Note :

* Segment assets - unallocated includes investments in associate of ₹ 1,310 lakhs.

** Non-current assets are excluding financial assets, deferred tax assets and investment in associate and joint ventures.

Notes forming part of the consolidated financial statements

Segment reporting as at and for the year ended 31 March 2017

Primary segment disclosure - Geographical segment

(₹ in lakhs)

| | AMESA | EAP | Americas | Europe | Unallocated | Eliminations | Total |
|---|---------------|---------------|---------------|---------------|--------------|----------------|----------------|
| Revenue | | | | | | | |
| External sales and services | 96,096 | 50,917 | 48,277 | 43,504 | - | - | 238,794 |
| Inter-segment sales and services | 1,984 | 4,368 | - | 21 | 83 | (6,456) | |
| Total revenue | 98,080 | 55,285 | 48,277 | 43,525 | 83 | (6,456) | 238,794 |
| Segment Results | 12,840 | 7,808 | 5,265 | 2,447 | (415) | 390 | 28,335 |
| Add / (Less) : | | | | | | | |
| Other income (including interest income of ₹ 1,497 lakhs) | | | | | | | 3,530 |
| Exchange difference gain / (loss) (net) (Refer note 44) | | | | | | | (294) |
| Finance costs | | | | | | | (5,812) |
| Share of profit from associate and joint ventures | | | | | | | 105 |
| Profit before tax and exceptional items | | | | | | | 25,864 |
| Add : Exceptional items (net) | | | | | | | 1,565 |
| Profit before tax | | | | | | | 27,429 |
| Less: Tax expense | | | | | | | |
| Current tax | | | | | | | 7,084 |
| Deferred tax charge / (credit) | | | | | | | 785 |
| Profit after tax before non-controlling interest | | | | | | | 19,560 |
| Less: Non-controlling interest | | | | | | | 528 |
| Profit for the year | | | | | | | 19,032 |

Other segment information:

| | AMESA | EAP | Americas | Europe | Unallocated | Eliminations | Total |
|--|--------|--------|----------|--------|-------------|--------------|----------------|
| 1. Segment assets * | 67,003 | 46,732 | 37,944 | 52,049 | 26,057 | (3,915) | 225,870 |
| 2. Segment liabilities | 13,171 | 7,550 | 7,406 | 10,144 | 85,754 | (2,626) | 121,399 |
| 3. Non current assets ** | 40,120 | 24,833 | 22,222 | 32,740 | 5,269 | (624) | 124,560 |
| 4. Capital expenditure | 11,131 | 1,992 | 8,364 | 1,648 | 1,362 | (1,445) | 23,052 |
| 5. Depreciation and amortisation expense | 6,379 | 3,295 | 1,786 | 2,727 | 39 | (78) | 14,148 |

Note :

* Segment assets - unallocated includes investments in associate of ₹ 1,526 lakhs.

** Non-current assets are excluding financial assets, deferred tax assets and investment in associate and joint ventures.



Notes forming part of the consolidated financial statements

61 (b) Information about major customers

There is one customer accounting for more than 10% of revenue, amounting to ₹ 27,906 lakhs (31 March 2017 ₹ 27,969 lakhs).

62 Prior period comparatives

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classifications / disclosures.

As per our attached report of even date

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ramaswamy Subramanian
Partner
Membership Number 016059
Place: Mumbai
Date: 26 April 2018

For and on behalf of the Board

Ashok Goel
Chairman & Managing Director

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

} Directors

A.V. Ganapathy
Chief Financial Officer

Suresh Savaliya
Company Secretary & Head - Legal

Consolidated statement of cash flows for the year ended 31 March 2018

(₹ in lakhs)

| | 2018 | 2017 |
|--|-----------------|-----------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 26,312 | 27,429 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 16,707 | 14,148 |
| Share-based payment (credit)/expense (net) (Refer note 53) | (342) | 28 |
| Interest expense | 4,004 | 4,154 |
| Interest income | (1,553) | (1,314) |
| Unwinding of discount on security deposits | (89) | (183) |
| Gain on disposal of property, plant and equipment (net) | (115) | (1,387) |
| Gain on sale of current investments | (7) | (3) |
| Gain recognised on measuring equity interest in joint venture on acquisition of 100% stake (Refer note 54) | - | (2,518) |
| Loss on liquidation of subsidiary (Refer note 44) | 498 | - |
| Share of (profit) / loss from associate and joint ventures | 104 | (105) |
| Bad and doubtful debts (net of provision) | 187 | 141 |
| Deferred rent amortisation | 95 | 179 |
| Amortisation of ancillary borrowing costs | 286 | 360 |
| Remeasurement gains/(losses) on defined benefit plan | (75) | (222) |
| Exchange adjustments (net) | 1,579 | (1,137) |
| Operating profit before working capital changes | 47,591 | 39,570 |
| Adjustments for: | | |
| (Increase) / decrease in trade and other receivables | (6,003) | 2,458 |
| (Increase) / decrease in inventories | (4,041) | (1,091) |
| Increase / (decrease) in trade and other payables | 4,655 | 3,574 |
| Cash generated from operations | 42,202 | 44,511 |
| Direct taxes paid (net of refunds) | (7,833) | (7,643) |
| Net cash from operating activities (A) | 34,369 | 36,868 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment / intangible assets (including under progress) | (14,054) | (23,052) |
| Sale of property, plant and equipment | 309 | 2,366 |
| (Increase) / decrease in other bank balances | (3,694) | (539) |
| Repayment received of loan taken over pursuant to the scheme of amalgamation (Refer note 41) | - | 975 |
| Purchase of current investments | (17,205) | (4,551) |
| Sale of current investments | 17,212 | 4,554 |
| (Acquisition) / liquidation of subsidiaries | 480 | (12,908) |
| Interest received | 1,270 | 2,887 |
| Dividend received from associate and joint ventures | 85 | 172 |
| Net cash used in investing activities (B) | (15,597) | (30,096) |



Consolidated statement of cash flows for the year ended 31 March 2018

(₹ in lakhs)

| | 2018 | 2017 |
|---|-----------------|----------------|
| C. Cash flow from financing activities | | |
| Proceeds from issue of equity shares [including securities premium of ₹ 96 lakhs (31 March 2017: ₹ 69 lakhs)] | 98 | 70 |
| Proceeds from issue of non-convertible debentures | 5,000 | - |
| Redemption of non-convertible debentures | (5,000) | - |
| Proceeds from long-term borrowings | - | 18,351 |
| Repayment of long-term borrowings | (12,113) | (11,416) |
| Proceeds from short-term borrowings | 21,913 | 11,951 |
| Repayment of short-term borrowings | (18,202) | (12,622) |
| Increase / (decrease) in other borrowings (net) | 1,981 | (3,868) |
| Principal payment under finance lease | (565) | (809) |
| Interest paid | (3,725) | (3,923) |
| Ancillary borrowing cost incurred | (10) | - |
| Dividend paid (including tax) | (4,524) | (4,142) |
| Dividend paid to non-controlling interests | (254) | (219) |
| Expenses incurred pursuant to the scheme of amalgamation (Refer note 41) | - | (996) |
| Net cash used in financing activities (C) | (15,401) | (7,623) |
| Net changes in cash and cash equivalents(A+B+C) | 3,371 | (851) |
| Cash and cash equivalents at the beginning of the year | 8,203 | 6,873 |
| Cash and cash equivalents acquired pursuant to the scheme of amalgamation (Refer note 41) | - | 30 |
| Cash and cash equivalents taken over on acquisition of subsidiary (Refer note 54) | - | 2,151 |
| Cash and cash equivalents at the end of the year | 11,574 | 8,203 |

Notes :

- As required by Ind AS 7 "Statement of Cash Flows", a reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities is given in note 60 of the consolidated financial statements.
- Previous year figures are regrouped / reclassified wherever necessary.

As per our attached report of even date

For and on behalf of the Board

For **Ford Rhodes Parks & Co. LLP**
Chartered Accountants
Firm Registration Number 102860W/W100089

Ashok Goel
Chairman & Managing Director

A.V. Ganapathy
Chief Financial Officer

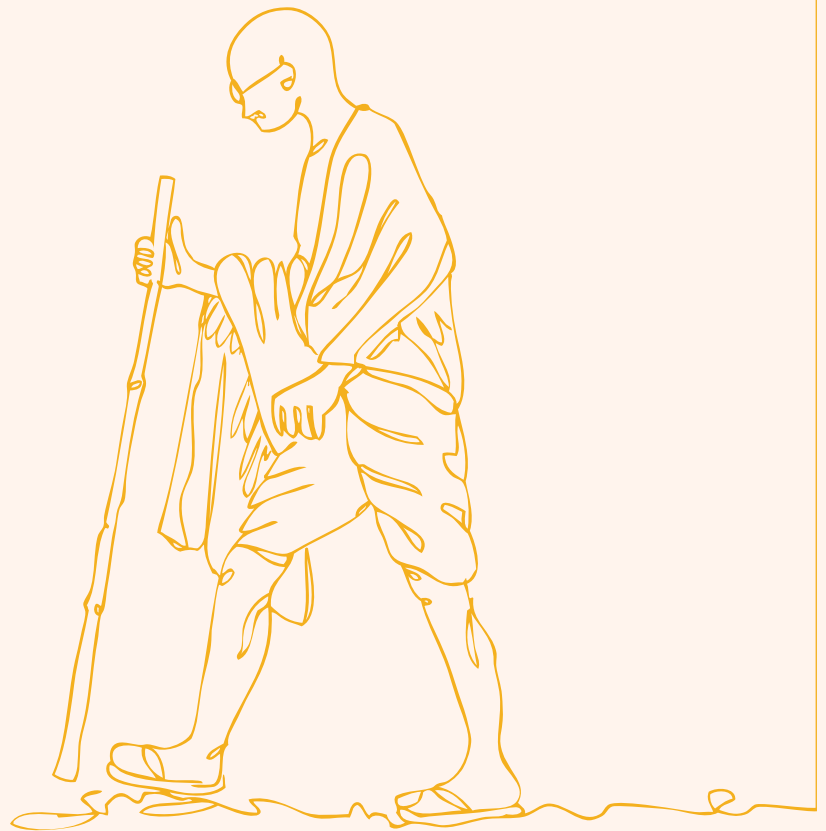
Ramaswamy Subramanian
Partner
Membership Number 016059
Place: Mumbai
Date: 26 April 2018

Boman Moradian
Mukund M. Chitale
Radhika Pereira
Atul Goel

} Directors

Suresh Savaliya
Company Secretary & Head - Legal

“The earth, the air, the land and the water are not an inheritance from our forefathers but on loan from our children. So we have to handover to them at least as it was handed over to us.”





/esselofficial



/company/essel-propack-limited



/essel_propack



www.esselpropack.com



This Annual Report is also available in electronic format at <http://www.esselpropack.com>.

Please contribute to our sustainability initiative.

Send an email to complianceofficer@ep.esselgroup.com to receive all future communications in electronic form.