

# **CHLORIDE METALS LIMITED**

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31ST MARCH, 2017**

# **B. F. PAVRI & CO.**

*Chartered Accountants*

S-7B, Orion House, 4th Floor, K. Dubash Marg, Kala Ghoda, Mumbai - 400 023. • Tel : 022 2284 2603 / 2204 3601 • E-mail : info@bfpcos.in

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members  
Chloride Metals Limited**

### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Chloride Metals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of cash flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein referred to as "Standalone Ind AS Financial Statements").

### **Management's Responsibility for the 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 and presentation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, statement of profit and loss, 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 Ind AS Financial Statements comply with the Ind AS being Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.



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- (e) On the basis of written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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 financial statements -Refer Note 36 to the Standalone Ind AS Financial Statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts that are required to be transferred to the Investor Education and Protection Fund.
  - iv. The Company has provided requisite disclosures in its Standalone Ind AS Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 37 to the Standalone Ind AS Financial Statements.

For B F Pavri & Co.  
Chartered Accountants  
Firm Registration no.107865W

K. N. Padmanabhan  
Partner  
Membership No. 36410  
Kolkata, Dated : 28<sup>th</sup> April 2017



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### ANNEXURE A TO AUDITOR'S REPORT

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- (c) We have verified the title deeds of immovable properties forming part of Fixed Assets produced before us by the management and based on such verification we confirm that the same are held in the name of the company except in respect of the following assets as detailed below.

S. No	Details of Immoveable Properties	Gross Block Rs.	Remarks
1.	Freehold Land	81,433,465	The title of the immovable property in the name of Chloride Alloys India Limited which was merged into the Company as detailed in note 2(vi) of the Standalone Ind AS Financial Statements has not been transferred to the name of the Company. The merger was effected from 1 <sup>st</sup> March, 2016 and the transfer in the name of the Company is in process.
2.	Factory Building	134,819,076	

- (ii) The management has conducted physical verification of inventory at reasonable intervals during the period. The discrepancies noticed between the book stock and the physical stock were not material and they have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loan secured or unsecured to any company, firm, Limited Liability Partnership or other parties covered in the register maintained u/s 189 of the Companies Act 2013. Therefore clause (iiia), (iiib) and (iiic) of Companies (Auditors Report) Order, 2016 are not applicable to the Company.
- (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 with respect to loans, investments, guarantees and security given.
- (v) The Company has not accepted any deposit from the public pursuant to sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed



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thereunder. As informed to us, there is no order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of the said sections.

- (vi) As informed to us the maintenance of the cost records under the sub-section (1) of section 148 of the Companies Act, 2013 has been prescribed and we are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, carried out a detailed examination of the records to ascertain whether they are accurate or complete.
- (vii) (a) The Company has been regular in depositing undisputed statutory dues including Provident fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2017 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Service Tax, Duty of Customs or Duty of Excise or Value Added Tax which have not been deposited on account of any dispute except as detailed herein below

Name of statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise	Penalty	42.08	2010-2011 and 2011-2012	Commissioner
Sales Tax	Various disallowances	2.61	2001	Deputy Commissioner Sales Tax (Appeals)
Sales Tax	Various disallowances	2.62	2005-06	Deputy Commissioner Sales Tax (Appeals)
Sales Tax	Various disallowances	66.09	2008-09 (CST)	Joint Commissioner of Sales Tax (Appeal)
Sales Tax	Various disallowances	37.18	2008-09 (MVAT)	Joint Commissioner of Sales Tax



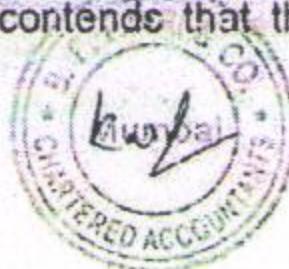
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Name of statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
				(Appeal)
Sales Tax	Various disallowances	18.02	2006-07 (CST)	Joint Commissioner of Sales Tax (Appeal)
Sales Tax	Various disallowances	51.08	2006-07 (MVAT)	Joint Commissioner of Sales Tax (Appeal)
Sales Tax	Various disallowances	47.74	2009-10 (CST)	Joint Commissioner of Sales Tax (Appeal)
Sales Tax	Various disallowances	45.23	2009-10 (MVAT)	Joint Commissioner of Sales Tax (Appeal)
Income-Tax	Various disallowances	0.39	A Y 2011-12	Income Tax Commissioner
Income-Tax	Various disallowances	3.86	A Y 2005-06	Income Tax Appellate Tribunal
Customs	Short collection of duty	5.60	2011-12	Deputy Commissioner of Customs
Customs	Short collection of duty	6.26	2011-12	Deputy Commissioner of Customs
Customs	Misclassification of tariff code (including penalty)	5.50	2007-08	CESTAT

The above does not include the matter relating to the demand of KVAT of Rs. 4381.13 lacs for financial years 2006-07 and 2007-08 as detailed in note 36 on contingent liability as the Company contends that there will be no liability on the Company for reasons stated therein.



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- (viii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in payment of dues to the Financial Institution or Banks. Further, the Company has not obtained any borrowings by way of debentures.
- (ix) The company has not raised any money by way of public issue / follow-on offer (including debt instruments). The Company has also not raised any term loans during the year
- (x) According to the information and explanations given to us and to the best of our knowledge and belief no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company hence clause 3(xii) of Companies (Auditors Report) Order 2016 is not applicable.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 in so far as our examination of the proceedings of the meetings of the Audit Committee and Board of Directors are concerned. The details of related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required by Ind AS 24 – Related Party Disclosures of the Companies (Indian Accounting Standards) Rules, 2015.
- (xiv) The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The nature of business and the activities of the Company are such that the Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act 1934.

For B. F. Pavri & Co.  
Chartered Accountants  
Firm Registration no. 107365W



K. N. Padmanabhan  
Partner  
Membership No. 36410  
Kolkata, Dated : 28<sup>th</sup> April, 2017

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### **Annexure - B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of Chloride Metals Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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



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### 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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. F. Pavri & Co.  
Chartered Accountants  
Firm Registration no. 107865W



K. N. Padmanabhan  
Partner  
Membership No. 36410  
Kolkata, Dated : 28<sup>th</sup> April, 2017

**CHLORIDE METALS LIMITED**  
CIN U34300WB1998PLC181003  
Balance Sheet as at March 31, 2017

Particulars	Note No.	March 31, 2017 (Rs. in lacs)	March 31, 2016 (Rs. in lacs)	April 1, 2015 (Rs. in lacs)
<b>ASSETS</b>				
(1) Non-current assets				
(a) Property, plant and equipment	1	6,107.87	6,527.02	3,275.23
(b) Capital work-in-progress		313.85	318.97	292.33
(c) Goodwill	1	-	-	-
(d) Other intangible assets	1	2.50	4.10	-
(e) Financial assets				
(f) Others	2	104.32	108.27	48.30
(f) Other non-current assets	3	2,558.54	1,982.59	306.17
		<u>9,087.08</u>	<u>8,940.95</u>	<u>3,922.03</u>
(2) Current Assets				
(a) Inventories	4	11,407.07	5,413.06	4,211.78
(b) Financial assets				
(i) Trade receivables	5	6,251.33	7,026.78	698.39
(ii) Cash and cash equivalents	6	252.61	93.02	40.38
(iii) Loans	7	-	-	2.77
(iv) Others	8	8.84	3.11	0.05
(c) Other current assets	9	108.41	159.90	220.98
		<u>18,024.06</u>	<u>12,695.85</u>	<u>5,172.35</u>
<b>Total Assets</b>		<u><u>27,111.14</u></u>	<u><u>21,636.80</u></u>	<u><u>9,094.38</u></u>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	10	4,238.10	4,238.10	1,500.00
(b) Other Equity	11	4,742.08	4,712.60	1,577.70
		<u>8,980.17</u>	<u>8,950.70</u>	<u>3,077.70</u>
<b>Liabilities</b>				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	12	77.63	137.44	203.28
(b) Provisions	13	91.35	72.34	28.71
(c) Deferred tax liabilities (net)	14	683.85	587.29	191.41
		<u>852.83</u>	<u>797.07</u>	<u>423.40</u>
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	-	-	2,145.38
(ii) Trade payables	16	16,292.88	11,234.27	2,802.06
(iii) Other financial liabilities	17	95.33	179.83	368.93
(b) Other current liabilities	18	614.57	369.82	243.13
(c) Provisions	19	275.36	105.31	33.78
		<u>17,278.14</u>	<u>11,889.03</u>	<u>5,593.28</u>
<b>Total Equity and Liabilities</b>		<u><u>27,111.14</u></u>	<u><u>21,636.80</u></u>	<u><u>9,094.38</u></u>

The accompanying notes form an integral part of the standalone financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

For B. F. Pavri & Co.

Chartered Accountants

Firm Registration No. 107865W



K. N. Padmanabhan  
Partner  
M No 36410

A. K. Mukherjee  
DIN 006131626  
Director

Arun Mittal  
DIN 00412767  
Director

Place: Kolkata  
Date: April 28, 2017

U. B. Agarwal  
DIN 07501007  
CEO and WT Director

A. K. Choudhury  
Chief Financial Officer

Seema Bhatia  
Company Secretary

**CHLORIDE METALS LIMITED**  
CIN U34300WB1998PLC181003  
Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	2016-17 (Rs. in lacs)	2015-16 (Rs. in lacs)
<b>I) INCOME:</b>			
Revenue from operations (gross)	20	1,61,699.56	1,14,437.75
Other income	21	121.79	21.84
<b>Total Income (I)</b>		<b>1,61,821.35</b>	<b>1,14,459.59</b>
<b>II) EXPENSES:</b>			
Cost of raw materials and components consumed	22	1,33,896.47	91,360.97
(Increase) / decrease in inventories of finished goods and work-in-progress	23	(2,621.28)	(552.12)
Excise duty		19,291.73	13,680.58
Employee benefits expense	24	1,975.05	1,757.00
Finance cost	25	22.28	29.13
Depreciation & amortisation	26	570.12	892.18
Other expenses	27	5,282.97	4,879.18
<b>Total expenses (II)</b>		<b>1,58,417.34</b>	<b>1,12,046.92</b>
<b>Profit before tax (I-II)</b>		<b>3,404.01</b>	<b>2,412.67</b>
Tax expense	28	1,330.68	735.75
1. Current tax		1,240.00	865.00
2. Short/ (excess) provision of income tax		(7.74)	
3. Deferred tax liability / (asset)		98.42	(129.25)
<b>Profit for the period from continuing operations</b>		<b>2,073.33</b>	<b>1,676.92</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Reassessment of the net defined benefit liability / asset	28	(5.37)	(7.70)
Deferred tax effect thereon		1.86	2.66
<b>Total other comprehensive income, net of tax</b>		<b>(3.51)</b>	<b>(5.04)</b>
<b>Total comprehensive Income for the year</b>		<b>2,069.82</b>	<b>1,671.89</b>
<b>Earnings per equity share</b>			
Equity shares of par value Rs. 10/- each			
<b>Basic and diluted (Rupees)</b>	29	4.89	3.96
<b>Weighted average equity shares used in computing earnings per equity share</b>			
<b>Basic and diluted (in numbers)</b>	29	<b>4,23,80,952</b>	<b>4,23,80,952</b>

The accompanying notes form an integral part of the standalone financial statements

For and on behalf of the Board of Directors

As per our report of even date attached  
For B. F. Pavri & Co.  
Chartered Accountants  
Firm Registration No. 107865W



K. N. Padmanabhan

Partner  
M No. 35410

Place: Kolkata  
Date: April 28, 2017

A. K. Mukherjee  
DIN 000131625  
Director

Arun Mittal  
DIN 00412767  
Director

U B Agarwal  
DIN 07501007  
CEO and WT Director

A K Choudhury  
Chief Financial Officer

Seema Bajaj  
Company Secretary

**CHLORIDE METALS LIMITED**  
CIN U34300WB1998PLC181003  
Statement of cash flows for the year ended March 31, 2017

	March 31, 2017 (Rs. in lacs)	March 31, 2016 (Rs. in lacs)
<b>Cash flow from operating activities:</b>	<b>3,404.01</b>	<b>2,412.67</b>
Profit for the period		
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	570.12	892.18
Interest and borrowing cost	22.28	29.13
Interest received	-51.86	-
Remeasurement of defined benefit plans		-5.04
Loss on sale / write off of plant, property and equipment	1.51	23.89
Foreign exchange differences on translation of assets and liabilities	0.86	-
Sundry balances written off	-	0.71
Sundry balances written back	-6.71	-
Provision for doubtful debts	49.85	-
Provision for doubtful advances	9.38	111.76
Provision for leave encashment		-
Sales tax deferral loan debited to retained earnings		-
Provision for sales returns	4.24	-4.05
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in trade receivables	725.58	-2,563.15
(Increase) / decrease in loans and other financial assets and other assets	-831.28	-384.92
(Increase) / (decrease) in inventories	-5,994.00	1,388.49
Increase / (decrease) in trade payables	5,065.32	2,330.89
Increase / (decrease) in other financial liabilities and other liabilities and provisions	178.73	123.29
Cash generated from operations	3,148.03	4,355.85
Income tax paid	(763.66)	(863.29)
<b>Net cash flows from operating activities</b>	<b>2,384.37</b>	<b>3,492.56</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	1.85	6.24
Purchase of property, plant and equipment	(161.94)	(134.80)
<b>Net cash flows from / (used in) investing activities</b>	<b>(160.09)</b>	<b>(128.56)</b>
<b>Financing Activities</b>		
Dividend paid	(1,695.24)	(902.68)
Dividend distribution tax paid	(345.11)	-
Repayment of non current borrowings	(86.60)	(297.29)
Repayment of current borrowings	-	(2,145.37)
Interest received	51.86	-
Interest paid	(8.74)	(19.81)
<b>Net cash flow from / (used in) financing activities</b>	<b>(2,063.83)</b>	<b>(3,365.15)</b>
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.86)	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>159.59</b>	<b>(1.15)</b>
Cash and cash equivalents at the beginning of the year	93.02	40.38
Cash and cash equivalents received from amalgamating company at the beginning of the year		53.79
Cash and cash equivalents at the end of the year	252.61	93.02
	<b>159.59</b>	<b>(1.15)</b>

The accompanying notes form an integral part of the standalone financial statements

For and on behalf of the Board of Directors

As per our report of even date attached  
For B. F. Pavri & Co.  
Chartered Accountants  
Firm Registration No. 107865W



K.N. Padmanabhan  
Partner  
M No. 36410

Place: Kolkata  
Date: April 28, 2017

U B Agarwal  
DIN 07541007  
CEO and WT Director

A. K. Mukherjee  
DIN 000131626  
Director

A. K. Choudhury  
Chief Financial Officer

Arun Mittal  
DIN 00412767  
Director

Seema Bajaj  
Company Secretary

CHLORIDE METALS LIMITED  
CIN U34300WB1998PLC181003

Statement of Changes in Equity for the year ended March 31, 2017

A) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	Number	Rs. in lacs
On April 1, 2015	1,50,00,000	1,500.00
Changes in equity share capital during the year	2,73,80,952	2,738.10
Balance at March 31, 2016	4,23,80,952	4,238.10
Changes in equity share capital during the year	-	-
Balance at March 31, 2017	4,23,80,952	4,238.10

B) Other equity

Particulars	Reserves and Surplus			OCI	Total
	Securities Premium Account	General Reserve	Retained earnings	Remeasurement of Defined Benefit Plans	
Balance at April 1, 2015	115.25	510.00	1,026.81	(3.65)	1,648.41
Liability on sales tax deferral loan taken to retained earnings Refer Note 12(2) of Notes to financial statements	-	-	(70.71)	-	(70.71)
Adjusted Balance as at April 1, 2015	115.25	510.00	956.10	(3.65)	1,577.70
Profit for the year	-	-	1,676.92	-	1,676.92
Other Comprehensive Income for the year, net of tax	-	-	-	(5.04)	(5.04)
	115.25	510.00	2,633.02	(8.69)	3,249.58
Adjustments	-	-	-	-	-
Amalgamation of Chloride Alloys Limited	-	1,100.00	646.72	-	1,746.72
Interim dividend paid for the year 2015-16	-	-	(750.00)	-	(750.00)
Tax on interim dividend paid for the year 2015-16	-	-	(152.68)	-	(152.68)
Add: Excess depreciation charged on assets whose useful life was over as at 01.04.2015 of Chloride Alloys India Limited.	-	-	5.42	-	5.42
Revaluation Reserve transferred to retained earnings and deferred tax effect thereon	-	-	613.56	-	613.56
Balance at March 31, 2016	115.25	1,610.00	2,996.04	(8.69)	4,712.60
Profit for the year	-	-	2,073.33	-	2,073.33
Other Comprehensive Income for the year, net of tax	-	-	-	(3.51)	(3.51)
	115.25	1,610.00	5,069.37	(12.20)	6,782.43
Adjustments	-	-	-	-	-
Interim dividend paid for the year 2016-17	-	-	(1,595.24)	-	(1,595.24)
Tax on interim dividend for the year 2016-17	-	-	(345.11)	-	(345.11)
Balance at March 31, 2017	115.25	1,610.00	3,029.02	(12.20)	4,742.08

The accompanying notes form an integral part of the standalone financial statements.

The accompanying notes form an integral part of the standalone financial statements.

For and on behalf of the Board of Directors

As per our report of even date attached  
For B. F. Pavni & Co.  
Chartered Accountants  
Firm Registration No. 107855W



A. K. Choudhury  
DIN 00031826  
Director

Arun Mittal  
DIN 00412767  
Director

K.N. Padmanabhan  
Partner  
M.No. 36410  
Place: Kolkata  
Date: April 28, 2017

U.B. Agarwal  
DIN 07501007  
CEO and WT Director

A.K. Choudhury  
Chief Financial Officer

Seema Bajaj  
Company Secretary

## Significant Accounting Policies

### **1 Corporate Information**

The Company was incorporated on 14th December, 1998 formerly known as Tandon Metals Limited. Chloride Metals Limited is a wholly owned subsidiary of Exide Industries Limited with effect from 1st November, 2007. Pursuant to the approval of the scheme of amalgamation of Chloride Alloys India Limited, another wholly owned subsidiary, with effect from 1st April, 2015, the operations of the said Chloride Alloys India Limited have been merged with those of the Company. Both plants have an integrated and state-of the art smelting facility which is engaged in the process of extracting lead and lead alloys by re-melting impure lead and recycling lead scrap batteries and worn out lead content products.

The financial statements were authorised for issue in accordance with a resolution of the directors on April 28, 2017.

### **2 Significant Accounting Policies**

#### **2.1 Basis of Preparation**

The Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2014 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods upto and including the year ended March 31, 2016 the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

The financial statements for the year ended March 31, 2017 are the first period for which the Company has prepared in accordance with Ind AS. The previous period comparatives for the period ended March 31, 2016 which were earlier prepared as per the aforesaid Companies (Accounts) Rules, 2014 have been restated as per Ind AS to make them comparable. The date of transition to Ind AS is therefore April 1, 2015 for which the Opening Balance Sheet is prepared.

The standalone financial statements are presented in INR and all values are rounded to the nearest lac (INR 00,000), except otherwise stated.

#### **Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

#### **2.2 Summary of significant accounting policies**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

##### **a) Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when :

- It is expected to be realised or intended to be sold or consumed in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle or
  - It is held primarily for the purpose of trading or
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The Company classifies all other liabilities as non-current.

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



**b) Property, plant and equipment (PPE)**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price inclusive of taxes, commissioning expenses, etc. upto the date the asset is ready for its intended use.

The Property, plant and equipment existing on the date of transition are accounted on deemed cost basis by applying para D7AA in accordance with the exemption provided in Ind AS 101 "First-time Adoption of Indian Accounting Standards" at previous GAAP carrying value. The other Property, Plant and Equipment are accounted at cost following the principles laid down in Ind AS 16 -Property, Plant and Equipment.

Significant spares which have a usage period in excess of one year are also considered as part of Property, Plant and Equipment and are depreciated over their useful life.

Decommissioning costs, if any, on Property, Plant and Equipment are estimated at their present value and capitalised as part of such assets.

Borrowing costs on Property, Plant and Equipments are capitalised when the relevant recognition criteria specified in Ind AS 23 Borrowing Costs is met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- ▶ Building 30 years
- ▶ Plant and equipment 15 years
- ▶ Furniture, Fixtures and Fittings 10 years
- ▶ Office equipment 5 -10 years
- ▶ Computers 3 years
- ▶ Vehicles 8 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**c) Intangible assets**

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

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment at each reporting date and impaired if there is a fall in the value below the carrying value of the intangible asset.

**d) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**e) Impairment Loss**

Assets with an indefinite useful life and goodwill are not amortized/ depreciated and are tested annually for impairment. Assets subject to amortization/depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.



**f) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, Components, Stores and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average.
- However, material and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost of direct material is determined on weighted average. Cost of finished goods also includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**g) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits in banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities on the balance sheet.

**h) Provisions and contingent liabilities**

**Provisions**

The Company recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

**Contingent liabilities**

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

**i) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Gratuity, a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period on projected Unit Credit Method.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The current and non-current bifurcation is done as per Actuarial report.

**Termination Benefits**

Termination benefits are payable as a result of the company's decision to terminate employment before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes these benefits when it has demonstrably undertaken to terminate current employees' employment in accordance with a formal detailed plan that cannot be withdrawn, or to provide severance indemnities as a result of an offer made to encourage voluntary redundancy. Benefits that will not be paid within 12 months of the balance sheet date are discounted to their present value.

**j) Foreign Currencies**

**Transactions and Balances**

Transactions in foreign currencies are initially recorded in reporting currency by the Company at spot rates at the date of transaction. The Company's functional currency and reporting currency is same i.e. INR.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**k) Fair Value Measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

**l) Financial Instruments**

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

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

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

**Derivative financial instruments and hedge accounting**

**Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the company's expected purchase, sale or usage requirements are held at cost.

**m) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Excise duty is a liability of the manufacturer irrespective of whether the goods are sold or not. Hence, the recovery of excise duty flows to the Company on its own account and accordingly revenue includes excise duty. However, Sales tax/ value added tax (VAT) are collected on behalf of the government and accordingly, it is excluded from revenue.

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

**Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, in accordance with the Sale of Goods Act, 1930. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

**Rendering of Services**

Revenue from Job work is recognised when substantially all the work is completed and it is reasonably certain that revenue will be receivable.

**Interest Income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

*End*

n) **Taxes**

**Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

o) **Leases**

**Operating lease**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating lease. Operating lease payments, as per terms of the agreement, are recognised as an expense in the statement of profit and loss on a straight line basis.

p) **Earning per share**

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

q) **Segment reporting**

The Company is operating in only one operating segment viz, manufacturing of Lead alloys. The company relies entirely on its holding company for its revenues. The geographical segment in which the company operates is domestic.

r) **Measurement of EBITDA**

The Company has elected to present earnings before interest, tax expenses, depreciation and amortization expenses (EBITDA) as a separate line item on the face of the statement of profit and loss. In the measurement of EBITDA, the Company does not include depreciation and amortization expenses, interest and tax expense.

s) **Dividend Distribution**

Dividend distribution to the Company's equity holders is recognized as a liability in the Company's annual accounts in the year in which the dividends are approved by the Company's equity holders.



Property, plant and equipment 1 Details of Additions, Adjustments, Depreciation and Net Block - Asset class wise for 2016-17									
(Rs. in lacs)									
	Tangible assets						Goodwill	Intangible Assets	
	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Computers	Computer Software	
Cost									
As at April 1, 2015 (refer note vii below)	589.57	704.57	1,948.09	25.27	5.98	0.51	1.13	3,275.22	
Amalgamation adjustment	814.33	1,063.66	1,893.92	17.48	4.72	24.39	1.86	3,320.38	6.14
Additions	-	10.32	95.13	0.59	1.97	-	0.16	108.17	-
Disposals	-	3.04	52.69	0.01	-	-	-	55.74	-
As at March 31, 2016	1,403.90	1,775.51	3,884.45	43.33	12.67	25.00	3.15	7,148.01	6.14
Additions	-	5.45	120.89	7.76	15.06	14.02	3.88	167.05	-
Disposals	-	-	19.60	-	1.43	0.39	-	21.42	-
As at March 31, 2017	1,403.90	1,780.96	3,985.74	51.09	26.30	38.63	7.03	7,293.65	6.14
Depreciation									
Charge for the year	-	101.53	527.30	9.24	2.79	10.28	0.89	652.03	2.04
Other adjustments	-	-	-	-	2.62	2.76	0.03	5.41	-
Disposals	-	0.70	24.92	-	-	-	-	25.62	-
As at March 31, 2016	-	100.83	502.38	9.24	0.17	7.52	0.85	621.00	2.04
Charge for the year	-	98.37	452.90	7.47	3.87	5.21	0.70	568.52	1.60
Disposals	-	-	3.12	-	0.62	-	-	3.74	-
As at March 31, 2017	-	199.20	952.16	16.71	3.42	12.73	1.55	1,185.78	3.64
Net Block									
As at April 1, 2015	589.57	704.57	1,948.09	25.27	5.98	0.51	1.13	3,275.23	4.10
As at March 31, 2016	1,403.90	1,674.68	3,382.07	34.09	12.50	17.48	2.29	6,527.01	2.50
As at March 31, 2017	1,403.90	1,581.75	3,033.56	34.38	22.88	25.89	5.47	6,107.17	

Capital WIP	Opening WIP	Amalgamation adjustments	Current Year WIP Additions	Capitalised	Net WIP on March 31, 2017
Capital WIP	318.97	-	158.70	163.82	313.85

The Company has carried out the exercise of assessment of any indications of impairment to its fixed assets as on the Balance Sheet date Pursuant to such exercise it is determined that there has been no impairment to its fixed assets during the year.

There has been a reversal in Depreciation Reserve to the extent of Rs 5.41 lacs on account of excess depreciation in 14-15 and therefore the effect of the same has been given during 15-16 in Surplus of Profit and Loss.

The amalgamation of Chloride Alloys (India) Limited has been accounted in accordance with the order of the Honourable High Court of Kolkata in the prior period comparative year ended March 31, 2016. Since the order of the High Court superseded the provisions of Accounting Standards, the Company has followed the accounting prescribed in the order of the Court. Accordingly the Company has not accounted the amalgamation in accordance with Ind AS 103 - Business Combinations. As per the said accounting there is Goodwill on amalgamation of Rs. 238.10 lacs.

The Goodwill on amalgamation of Chloride Alloys (India) Limited, a fellow subsidiary of the Company, had been amortised under the earlier Gaap as the Goodwill arose out of group company transaction. The Goodwill that arose in the comparative period has also been amortised fully in these accounts following the same principle of arising from Group Company on a prudent basis.



v The Company has followed the previous Gaap carrying value as its deemed cost in accordance with D7AA of Ind AS 101. The Company had carried out the revaluation of its assets at Marikal on 31st March, 2008 and its assets at Malur on May 12, 2008. The re-valuation had been carried on the basis of valuation reports of expert valuers

At the time of re-valuation the original cost of the assets and its revaluation was as follows

Particulars	(Rs. in lacs)		
	Original Cost	Re-valued Amount	Difference
Land	668.80	1,403.91	735.11
Building	1,758.40	2,241.93	483.52
Other plant and equipment	6,206.74	6,562.41	355.67
<b>Total</b>	<b>8,633.94</b>	<b>10,208.24</b>	<b>1,574.30</b>

vi The difference had been credited to revaluation reserve as per the earlier Gaap. On the date of transition the net revaluation surplus was Rs 421.03 lacs which has been considered as part of retained earnings and the net carrying value of assets is considered as deemed cost.

vii For Property, plant and equipment existing as on April 1, 2015 i.e. date of transition to Ind AS, the company has used Previous GAAP carrying value as deemed cost as permitted by Ind AS 101 -First time adoption. Accordingly, the net WDV as per previous GAAP as on April 1, 2015 has been considered as Gross Block under Ind AS. The accumulated depreciation so netted off as on April 1, 2015, is as below.

	Tangible assets							
	Freehold land	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Computers	Total
Gross block	589.57	891.33	3,028.01	39.48	11.47	12.29	13.54	4,585.69
Accumulated depreciation	-	186.76	1,079.82	14.21	5.49	11.68	12.41	1,310.47
Net block	589.57	704.57	1,948.09	25.27	5.98	0.61	1.13	3,275.22

viii There are no changes proposed to the previously assessed residual useful life of the assets.

CHLORIDE METALS LIMITED  
CIN U34300WB1998PLC181003

Notes to financial statements as at and for the year ended March 31, 2017

Particulars	March 31, 2017 (Rs. in lacs)	March 31, 2016 (Rs. in lacs)	April 1, 2015 (Rs. in lacs)
<b>FINANCIAL ASSETS</b>			
<b>2 Other financial assets (at amortised cost)</b>			
a) Deposits with others	104.32	104.95	48.30
- Considered good	0.17	-	-
- Considered doubtful	104.49	104.95	48.30
Less: Provision for doubtful deposits	0.17	-	-
	104.32	104.95	48.30
b) Advance to staff	-	3.32	-
- Considered good	3.32	-	-
- Considered doubtful	3.32	3.32	-
Less: Provision for doubtful advances	3.32	-	-
	104.32	108.27	48.30
<b>3 Other non-current assets</b>			
<b>(i) Unsecured, considered good</b>			
a) Prepaid expenses	8.70	4.88	4.26
b) Prepaid taxes (net of provisions)	166.09	465.94	285.11
c) Duties and taxes recoverable	2,369.43	1,511.77	-
d) Other receivables	14.32	-	16.80
	2,558.54	1,982.59	306.17
<b>4 Inventories</b>			
<b>(At lower of cost and net realisable value)</b>			
a) Raw material	4,388.09	1,419.16	2,470.34
- In hand	829.91	420.21	224.68
- In transit	3,466.16	1,398.46	1,259.39
b) Work-in-progress	2,220.85	1,790.85	162.02
c) Finished goods	331.78	121.93	22.25
Add: Excise duty	170.28	266.44	73.10
d) Stores and spares	11,407.07	5,413.06	4,211.78
<b>5 Trade receivables (Unsecured, at amortised cost)</b>			
Considered good	6,251.33	7,026.76	696.39
Considered doubtful	49.85	-	-
	6,301.18	7,026.76	696.39
Less: Allowances for doubtful debts	49.85	-	-
	6,251.33	7,026.76	696.39
<b>6 Cash and bank balances</b>			
<b>Cash and cash equivalents</b>			
a) Balances with banks	249.47	92.11	38.66
b) Cheques in hand	1.18	-	-
c) Cash in hand	1.96	0.91	1.72
	252.61	93.02	40.38
<b>7 Loans (at amortised cost)</b>			
<b>Unsecured, considered good</b>			
a) Deposits - Others	-	-	2.77
	-	-	2.77
<b>8 Other financial assets</b>			
a) Loan to staff	5.58	3.11	0.05
b) Advance to staff	1.05	-	-
	6.63	3.11	0.05

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Particulars	March 31, 2017 (Rs. in lacs)	March 31, 2016 (Rs. in lacs)	April 1, 2015 (Rs. in lacs)
<b>9 Other current assets</b>			
<b>(i) Unsecured, considered good</b>			
a) Prepaid expenses	24.49	20.76	10.07
b) Balance with excise authorities	64.84	93.22	53.11
c) Other receivables	6.00	-	-
d) Deferred premium	-	-	4.25
e) Advance to suppliers	11.08	45.92	153.55
<b>(ii) Unsecured, considered doubtful</b>			
a) Advance to suppliers	379.51	373.61	-
	485.92	533.51	220.98
Less :- Allowances for doubtful advances	379.51	373.61	-
	<u>106.41</u>	<u>159.90</u>	<u>220.98</u>

#### 10 Share Capital

a) <b>Authorised</b>			
4,25,00,000 (PY: 4,25,00,000) equity shares of Rs. 10 each	4,250.00	4,250.00	1,500.00
b) <b>Issued, subscribed &amp; fully paid-up</b>			
4,23,80,952 (PY: 4,23,80,952) equity shares of Rs. 10 each	4,238.10	4,238.10	1,500.00

There is no change in the number of shares in current year.

- c) The authorized and issued capital had increased in the previous year pursuant to the scheme of amalgamation between the Company and Chloride Alloys India Limited.
- d) The company is a wholly owned subsidiary of Exide Industries Limited, a company listed on the stock exchanges at BSE, NSE and CSE.

#### e) Details of shareholding in excess of 5%

Particulars	Number of shares held	Number of shares held	Number of shares held
Exide Industries Limited - Holding Company	42,380,952	42,380,952	15,000,000
% of Holding	100%	100%	100%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of the shares.

#### f) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	Rs. in lacs	Number	Rs. in lacs	Number	Rs. in lacs
At the beginning of the year	42,380,952	4,238.10	15,000,000	1,500.00	15,000,000	1,500.00
Issued during the period	-	-	27,380,952	2,738.10	-	-
Outstanding at the end of the year	<u>42,380,952</u>	<u>4,238.10</u>	<u>42,380,952</u>	<u>4,238.10</u>	<u>15,000,000</u>	<u>1,500.00</u>

- g) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

- h) 27,380,952 equity shares of Rs. 10 each fully paid up have been issued by the Company, for consideration other than cash, pursuant to the Scheme of Amalgamation, to the holding company of Chloride Alloys India Limited. The amalgamation has been given effect in the comparative period with the appointed date of April 1, 2015.

- i) The board of directors, by circular resolutions dated December 8, 2016 and March 14, 2017 have declared an interim dividend of Rs. 2.50/- and Rs. 1.50/- per equity share respectively resulting in a total payout of Rs. 2,040.34 lacs, inclusive of corporate dividend tax.

- j) **Amalgamation of Chloride Alloys India Limited with the Company with the appointed date of April 1, 2015**

Pursuant to the scheme of amalgamation ('the scheme') of Chloride Alloys India Limited (CAIL) with Chloride Metals Limited (CML) under the provisions of Sections 391 to 394 of the Companies Act, 1956 which had been approved by the Honorable High Court of Calcutta vide their order dated February 29, 2016, which order had been filed with the Registrar of Companies on March 1, 2016, to make the scheme effective all the assets and liabilities, both movable and immovable, all other interest, rights and power of every kind, and all its debts, liabilities, including contingent liabilities, duties and obligations have been transferred to and vested in the company with effect from the Appointed Date, April 1, 2015. Accordingly, this scheme of amalgamation has been given effect to in these accounts.

The amalgamation of Chloride Alloys (India) Limited has been accounted in accordance with the order of the Honourable High Court of Kolkata in the prior period comparative year ended March 31, 2016. Since the order of the High Court supersedes the provisions of Accounting Standards, the Company has followed the accounting prescribed in the order of the Court. Accordingly the Company has not accounted the amalgamation in accordance with Ind AS 103 - Business Combinations. As per the said accounting there is Goodwill on amalgamation of Rs. 238.10 lacs.

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ENTERED ACCOUNT

#### Salient features of the Scheme of Amalgamation

CAIL has an integrated and state-of the art smelting facility which is engaged in process of extracting lead and lead alloys by re-melting impure lead and recycling lead scrap and worn out lead content products.

The appointed date for the purpose of this amalgamation is April 1, 2015.

In accordance with the scheme approved, the accounting for this amalgamation has been done in accordance with the "Pooling of Interest Method" referred to in Accounting Standard 14- "Accounting for Amalgamation" of the Companies (Accounting Standards) Rules, 2006.

Accordingly, CML has accounted for the Scheme in its books of accounts with effect from the Appointed Date i.e. April 1, 2015 as under.

I. With effect from the Appointed Date, all assets and liabilities appearing in the books of accounts of CAIL have been transferred to and vested in CML and have been recorded by CML at their respective book values.

II. In consideration of the transfer of the business as a going concern, the Company has issued 27,380,952 equity shares of Rs. 10/- each fully paid up to the erstwhile shareholders of CAIL in the ratio of twenty three equity shares of Rs. 10/- each fully paid up of the Company for every twenty one shares held of CAIL on March 18, 2016.

III. The difference between the book value of net identifiable assets and liabilities of CAIL transferred to CML pursuant to this scheme and the consideration being the value of New Equity Shares issued by CML amounting to Rs. 238.10 lacs has been debited to Goodwill Account.

IV. All inter company transactions have been eliminated on incorporation of the accounts of CAIL in the Company.

	March 31, 2017 (Rs.in Lacs. )	March 31, 2016 (Rs.in Lacs. )	April 1, 2015 (Rs.in Lacs. )
<b>11 Other equity</b>			
a) Securities premium account			
Premium received on equity shares issued are recognised in the securities premium account	115.25	115.25	115.25
b) General reserve	1,610.00	1,610.00	510.00
c) Retained earnings	3,029.02	2,988.04	958.10
Retained earnings includes reserves created out of profits, Ind-AS related adjustments as on the date of transition and remeasurement gains/ losses on defined benefit plans.			
Further, it also includes Revaluation reserve created on revaluation of Property, plant and equipment of the Company as on May 12, 2008 and March 31, 2008 done by approved valuers amounting to Rs. 1,572.22 lacs (March 31, 2016: Rs. 1,151.19 lacs, April 1, 2015 Rs. 421.03 lacs ) is transferred to retained earnings as the Company has taken previous GAAP value for initial recognition and measurement of its Property, plant and equipment.			
d) OCI reserve	(12.20)	(8.69)	(3.65)
OCI reserve includes gain / Loss on remeasurement of defined benefit plan			
	<u>4,742.08</u>	<u>4,712.80</u>	<u>1,577.70</u>
<b>Non-current liabilities</b>			
<b>12 Borrowings (at amortised cost)</b>			
Unsecured	77.63	137.44	203.28
Government grant			
	<u>77.63</u>	<u>137.44</u>	<u>203.28</u>

- Notes
- The Company had an interest free sales tax deferral loan of Rs. 271.67 lacs, including current maturities, outstanding as on the date of transition. Under the previous Gaap the same was shown as a long term borrowing. Following the mandatory exception from retrospective application of Ind AS 20 – Government Grants contained in para B10 of Ind AS 101 – First Time Adoption of Indian Accounting Standards, the said loan has been carried at its previous Gaap carrying value and shown under financial liability – borrowing at amortised cost.
  - During the year pursuant to receipt of an earlier order relating to certain disallowances of credits by the Sales tax department, the Company has accounted for a further sum of Rs. 70.70 lacs towards its obligation under the Sales tax deferral loan. Since the amount pertains to the period before the date of transition, the said Rs. 70.70 lacs of sales tax due has been charged to the opening retained earnings. The sales tax deferral loan shown under financial liability – borrowing has been increased with a like amount.

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Particulars	March 31, 2017 (Rs. in lacs)	March 31, 2016 (Rs. in lacs)	April 1, 2015 (Rs. in lacs)
<b>13 Provisions</b>			
Provision for employee benefits			
Gratuity	69.49	54.86	21.48
Leave Benefits	21.86	17.48	7.23
	<u>91.35</u>	<u>72.34</u>	<u>28.71</u>
<b>14 Deferred tax liabilities (net)</b>			
a) Deferred tax liability:			
Arising out of temporary difference in depreciable assets	735.57	794.11	326.72
Differential charge on account of land Indexation	-	(25.63)	-
b) Deferred tax assets:			
Provision for doubtful advances and debts	(17.25)	-	-
Tax disallowances	(32.61)	(26.77)	(9.16)
Unabsorbed depreciation and business loss as per tax laws	-	(154.42)	(126.15)
On transfer of actuarial gain to OCI	(1.86)	-	-
Net deferred tax liability	<u>683.85</u>	<u>587.29</u>	<u>191.41</u>
<b>Current liabilities</b>			
<b>15 Borrowings (at amortised cost)</b>			
Buyers' Credit from banks			
Secured			2,145.38
Secured by hypothecation of the underlying asset being equipments related to the battery breaking plant. Repayable in a bullet instalment within 2 years from date of loan being December 28, 2013 i.e on December 28, 2015.			
Under currency swap derivative contracts entered into by the company in 2014-15, the company had fully covered its outstanding borrowings in respect of its buyers credit for the exchange risk as well as the interest rate risk. Hence no effect of exchange fluctuations had been given for the same. The interest rate payable for the said loan was 10.95%			
The amount has been repaid in the previous period 2015-16			
	<u>-</u>	<u>-</u>	<u>2,145.38</u>
<b>16 Current trade payables</b>			
a) Trade payable for goods & services			
Total outstanding dues of Micro and small enterprises	999.32	480.77	210.60
Total outstanding dues of creditors other than Micro and small enterprises	15,293.56	10,753.50	2,591.46
b) Acceptances			
	<u>16,292.88</u>	<u>11,234.27</u>	<u>2,802.06</u>
Trade payables and acceptances are non-interest bearing and are normally settled on 30 day terms.			
<b>Details of dues to micro and small enterprises as defined under MSME Act, 2006</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
Principal amount due	999.32	480.77	210.60
Interest due on above	-	0.56	9.33
Amount of interest paid in terms of Sec 16 of the Micro, Small and Medium Enterprise Development Act, 2006	0.56	9.33	4.49
Amount of interest due and payable for the period of delay	-	0.56	9.33
Amount of interest accrued and remaining unpaid as at year end	-	0.56	9.33
Amount of further interest remaining due and payable in the succeeding year	-	-	-
The company has compiled the above information based on written confirmations from suppliers and have been determined to the extent such parties have been identified on the basis of the information available with the company. This has been relied upon by the auditors.			

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Particulars	Opening Balance	Additions during the year	Amt. Paid/ Reversed during the	Closing Balance
Sales Return	14.46	18.70	14.46	18.70
( Previous year )	4.05	14.46	4.05	14.46



	2016-17 (Rs. in Lacs)	2015-16 (Rs. in Lacs)
<b>20 Revenue from operations</b>		
Revenue from operations		
Sale of products (including excise duty)	1,56,747.93	1,11,441.01
Job work charges	2,027.13	2,199.15
Other operating revenue		
Sale of scrap	923.25	795.81
Sales others	1.25	1.78
	<u>1,61,699.56</u>	<u>1,14,437.75</u>
<b>21 Other income</b>		
Interest income	-	3.34
Interest on income tax refund	51.86	-
Foreign exchange gain / (Loss) net	56.61	14.79
Sundry balances written back	6.71	-
Reversal of leave encashment provision	-	1.60
Other non operating income	6.61	2.11
	<u>121.79</u>	<u>21.84</u>
<b>22 Cost of raw material and components consumed</b>		
Inventory at the beginning of the year	1,839.37	2,695.03
Add : Opening stock of CAIL on amalgamation	-	1,266.04
Add : Purchases	1,37,275.09	89,239.27
	<u>1,39,114.46</u>	<u>93,200.34</u>
	5,217.99	1,839.37
Less : Inventory at the end of the year	<u>1,33,896.47</u>	<u>91,360.97</u>
<b>23 (Increase) / decrease in inventories of finished goods and work-in - progress</b>		
WIP Inventory at the beginning of the year	1,394.46	1,259.39
WIP Inventory at the beginning of the year-CAIL on amalgamation	-	1,016.92
WIP Inventory at the end of the year	(3,466.16)	(1,394.46)
FG Inventory at the beginning of the year	1,912.79	184.27
FG Inventory at the beginning of the year-CAIL on amalgamation	-	85.63
FG Inventory at the end of the year	(2,552.03)	(1,912.79)
	90.26	208.92
(Increase) / Decrease in excise duty on finished goods	<u>(2,621.28)</u>	<u>(552.12)</u>
<b>24 Employee benefits expense</b>		
Salaries, wages and bonus	1,810.46	1,581.27
Contribution to provident and other funds	57.99	48.09
Staff welfare expenses	106.60	127.64
	<u>1,975.05</u>	<u>1,757.00</u>
<b>25 Finance cost</b>		
Interest on debts and borrowings	3.83	9.50
Interest on direct taxes	13.54	14.54
Interest on indirect taxes	4.91	0.77
Other borrowing costs	-	4.32
	<u>22.28</u>	<u>29.13</u>
<b>26 Depreciation and amortization expense</b>		
Depreciation of tangible asset	570.12	652.04
Amortisation of intangible asset	-	240.14
	<u>570.12</u>	<u>892.18</u>



27 Other expenses

Consumption of stores and spares	718.86	510.12
Power and fuel	2,367.99	2,292.54
Hire Charges	282.75	256.57
Watch & ward expenses	121.12	99.55
Water charges	1.84	1.80
Royalty expenses	261.16	325.98
Waste management expenses	284.02	240.94
Remuneration To Auditors :		
- Audit fees	10.00	9.00
- Tax audit	2.00	2.00
- Other services	3.72	4.16
- Out of pocket expenses	2.32	1.74
Director sitting fees	1.62	3.41
Bank charges	5.16	3.38
Fixed assets - loss on sale and write off	1.51	23.89
Provision for doubtful debts	49.85	-
Provision for doubtful advances	9.38	111.78
Freight job-work	33.44	-
Freight outward	511.69	477.74
Repairs and maintenance		
- Machinery	173.49	133.10
- Building	73.76	28.81
- Others	17.57	7.07
Rent	11.24	19.48
Rates and taxes	50.79	35.06
CSR activity expenses	19.09	12.65
Donation	0.60	-
Insurance	26.62	30.06
Communication	13.76	15.55
Conveyance	50.85	59.65
Printing and stationery	12.20	11.81
Professional and consultancy charges	92.30	100.05
Testing charges	9.98	6.67
Vehicle maintenance	12.46	9.85
Advertisement and sales promotion	0.80	0.15
Miscellaneous expenses	49.00	44.63

Total

5,282.97 4,879.18

Break-up of Miscellaneous expenses

Books and periodicals	0.02	0.08
Filing charges	0.25	0.73
Guest house maintenance	1.06	0.04
Membership & subscriptions	1.56	1.93
Office expenses	4.09	2.80
Weightment charges	0.12	0.06
Legal expenses	-	0.87
Licenses fees	-	9.27
Gardening services	11.95	8.70
House keeping expenses	12.18	10.28
Pooja expenses	4.05	3.59
Swachha Bharat cess	-	1.86
General expenses	9.49	0.72
Unloading charges (Others)	4.23	3.70
	49.00	44.63



a) Disclosure on CSR Activity

(a) Gross amount required to be spent by the Company during the year: Rs 14.45 lacs (P.Y.: Rs. 10.06 lacs)

(b) Amount spent by the Company during the year is as follows:

Particulars	Paid in cash/bank	Yet to be paid in cash/bank	Total
2016-17 (Rs. in lacs)			
Promoting / Preventing Healthcare	1.81	-	1.81
Making available safe drinking Water	3.52	-	3.52
Rural / Education Development Project	10.48	0.07	10.53
Contribution for digging borewell in village	3.23	-	3.23
<b>Total</b>	<b>19.02</b>	<b>0.07</b>	<b>19.09</b>

Particulars	Paid in cash/bank	Yet to be paid in cash/bank	Total
2015-16 (Rs. in lacs)			
Rural development - drinking water/hygiene	2.49	0.31	2.80
Health checkup camp	0.39	-	0.39
Contribution towards Purchase of school bags & shoes for village schools	3.87	-	3.87
Contribution to the students for participating in state level cultural competitions	0.10	-	0.10
Contribution for digging borewell in village	5.49	-	5.49
<b>Total</b>	<b>12.34</b>	<b>0.31</b>	<b>12.65</b>

28 Tax expenses

Reconciliation of statutory rate of tax and effective rate of tax:

	As at March 31, 2017 (Rs. in lacs)	As at March 31, 2016 (Rs. in lacs)
Current taxes	1,240.00	865.00
Short/ (excess) provision of income tax	(7.74)	-
Deferred taxes	98.42	(129.25)
Deferred tax on OCI	(1.86)	2.60
	<b>1,328.82</b>	<b>738.41</b>
Accounting profit before income tax	3,404.00	2,412.67
At India's statutory income tax rate	34.61%	34.61%
Tax on long term capital gain	23.07%	23.07%
Tax on profit	1,178.06	834.98
Effect of non deductible expense	229.80	389.21
Effect of deductible expenses and set off of losses	(172.65)	(364.64)
Effect on short/excess provision	(7.74)	-
Ind As adjustments	-	1.86
Additional provisions on prudence	4.81	24.74
Deferred tax liability reversed on revaluation of assets	(23.02)	(8.31)
Deferred tax liability reversed on indexed cost of land	(9.90)	(86.54)
Deferred tax asset reversed on unabsorbed losses	154.42	-
Deferred tax asset created on expenses disallowed	(24.94)	(31.74)
	<b>1,328.82</b>	<b>739.55</b>



## 29 Earnings per share

The Company has not issued any potential diluted equity shares and therefore the basic and diluted earnings per share will be the same. The earnings per share is calculated by dividing the profit after tax by weighted average no. of shares outstanding.

Particulars	2016-17	2015-16
Profit after tax	2,073.32	1,676.93
Weighted average no. of shares outstanding (Nos.)	42,380,952	42,380,952
Nominal value of equity share (Rs.)	10.00	10.00
Earnings per share (Rs.)	4.89	3.96

Reconciliation of weighted average no. of shares outstanding during the year

Particulars	2016-17	2015-16
Nominal value of equity share (Rs.)	10	10
For Basic & Dilutive EPS		
Total number of equity shares outstanding at the beginning of the year	42,380,952	15,000,000
Add: Issue of shares	-	27,380,952
Total number of equity shares outstanding at the end of year	42,380,952	42,380,952
Weighted average number of equity shares at the end of the year	42,380,952	42,380,952

The further issue of share during the previous year was pursuant to the scheme of amalgamation approved by the Calcutta High Court and the appointed date was April 1, 2015. Therefore the date of issue of shares for the purposes of the EPS calculation has been taken as April 1, 2015 as required by Ind AS - 33 - Earnings per Share

## 30 Disclosure in accordance with Ind AS - 17 "Leases", of the Companies (Indian Accounting Standards) Rules, 2015.

The Company has taken various residential / godowns / offices premises (including Furniture and Fittings if any) under leave and license agreements. These generally range between 11 months to 3 years under leave and license basis. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in the Statement of Profit and Loss under Rent and Hire Charges.

The Company has taken plant on an operating lease and the future minimum committed lease rentals are given as follows

Particulars	2016-17 Rs. in lacs	2015-16 Rs. in lacs
Payable not later than one year	52.09	46.45
Payable between one to five years	19.85	62.22
Payable after five years		

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31 Disclosure in accordance with Ind AS – 19 "Employee Benefits", of the Companies (Indian Accounting Standards) Rules, 2015.

The company has carried out the actuarial valuation of Gratuity and Leave Encashment liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits. The total amount determined on actuarial method is Rs 71.57 lacs (PY Rs 57.67 lacs) respectively. The company has charged the differential amount as compared to the previous year to the Statement of Profit and Loss

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

Particulars	As at March 31, 2017 (Rs. in lacs)	As at March 31, 2016 (Rs. in lacs)
<b>Expense recognised in Statement of Profit &amp; Loss</b>		
Current service cost	8.42	7.22
Past service cost	-	-
Service cost	8.42	7.22
Net interest on net defined benefit liability / asset	0.04	3.25
<b>Total</b>	<b>8.46</b>	<b>10.47</b>
<b>Expense recognised in Other Comprehensive Income</b>		
Actuarial gains / (losses)	5.37	7.70
<b>Net asset / liability recognised in Balance Sheet</b>		
Present value of defined benefit obligation	71.57	57.67
Fair value of plan assets	71.57	57.67
<b>Change in obligation during the year</b>		
Present value of defined benefit obligation at the beginning of the year	57.67	41.79
Current service cost	8.42	7.22
Past service cost - plan amendments	0.00	0.00
Interest cost	4.17	3.25
Benefits paid	(4.03)	(2.29)
Actuarial (gains) / losses	5.37	7.70
Present value of defined benefit obligation at the end of the year	<b>71.57</b>	<b>57.67</b>
<b>The principal assumptions used in determining the gratuity obligations are as follows:</b>		
<b>Financial assumptions</b>		
Discount rate	7%	7.50%
Salary escalation rate	5%	5%
<b>Demographic assumptions</b>		
Withdrawal rate	2%	2%
<b>Mortality rate</b>		
	Ind Assured Lives Mortality (2206- 08) (modified) Ult	Ind Assured Lives Mortality (2206- 08) (modified) Ult
<b>Sensitivity analysis</b>		
Discount rate	(7.31)	(3.12)
Effect on defined benefit obligation due to 1% increase in discount rate	8.62	3.80
Effect on defined benefit obligation due to 1% decrease in discount rate		
<b>Salary escalation</b>		
Effect on defined benefit obligation due to 1% increase in salary escalation rate	8.71	3.86
Effect on defined benefit obligation due to 1% decrease in salary escalation rate	(7.50)	(3.31)



32 Disclosure in accordance with Ind AS - 108 "Operating Segments", of the Companies (Indian Accounting Standards) Rules, 2015.  
The entire operations of the Company relate to only one segment viz. Lead Smelters and Refiners. As such, there is no separate reportable segment under Ind AS - 108 on Operating Segments.

33 Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies ( Indian Accounting Standards) Rules, 2015

I Relationships:

A. Entities where control exists

Holding Company

Exide Industries Limited

B. Key Management Personnel

U B Agarwal

Whole time director and CEO

w.e.f. April 28, 2016

Sourav Ghosh

CEO

upto March 31, 2016

Mona Desai

Independent Director

Sudhir Chand

Independent Director

II Transactions

Particulars	2016-17 (Rs. In lacs)	2015-16 (Rs. In lacs)
Purchase of goods and services	22,259.54	18,518.48
Excise duty	894.21	756.05
VAT	211.76	317.48
Exide Industries Limited	23,365.51	19,592.01
Sales of goods including excise duty	1,57,197.95	1,09,889.44
VAT & CST collected	6,165.87	3,779.21
Freight recovered	265.97	79.36
Exide Industries Limited	1,63,629.79	1,13,748.01
Job work charges received		
Exide Industries Limited	2,023.23	2,198.11
Issue of shares pursuant to amalgamation		
Exide Industries Limited	-	2,738.10
Remuneration to Key managerial personnel		
U B Agarwal	27.46	
Sourav Ghosh	-	30.01
Director fees to Key managerial personnel		
Mona Desai	0.80	0.80
Sudhir Chand	0.80	0.80
Professional fees to Key managerial personnel		
Mona Desai	0.80	0.80
Sudhir Chand	0.80	0.80
Balances as on March 31		
Net Receivable		
Exide Industries Limited	6,193.15	6,690.46

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Particulars	As at 31st March, 2016 (End of Last Period presented under previous GAAP)			As at 1st April, 2015 (Date of Transition)		
	Previous GAAP	Effect of Transition to IND AS	March 31, 2016	Previous GAAP	Effect of Transition to IND AS	As per IND AS Balance Sheet
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
<b>ASSETS</b>						
(1) Non-current assets						
(a) Property, plant and equipment	6,527.02	-	6,527.02	3,275.23	-	3,275.23
(b) Capital work-in-progress	318.97	-	318.97	292.33	-	292.33
(c) Goodwill	-	-	-	-	-	-
(d) Other intangible assets	4.10	-	4.10	-	-	-
(e) Financial assets	-	-	-	-	-	-
(f) Others	108.27	-	108.27	48.30	-	48.30
(g) Other non-current assets	1,982.58	-	1,982.58	306.16	-	306.16
	8,940.94	-	8,940.94	3,922.03	-	3,922.03
(2) Current Assets						
(a) Inventories	5,413.05	-	5,413.05	4,211.78	-	4,211.78
(b) Financial assets						
(i) Investments	7,026.76	-	7,026.76	696.39	-	696.39
(ii) Trade receivables	93.02	-	93.02	40.38	-	40.38
(iii) Cash and cash equivalents	-	-	-	2.77	-	2.77
(iv) Loans	3.11	-	3.11	0.05	-	0.05
(v) Others	159.90	-	159.90	224.28	(3.30)	220.98
(c) Other current assets	12,695.84	-	12,695.84	5,175.65	(3.30)	5,172.34
	21,636.78	-	21,636.78	9,097.67	(3.30)	9,094.37
<b>Total assets</b>						
	21,636.78	-	21,636.78	9,097.67	(3.30)	9,094.37
<b>EQUITY &amp; LIABILITIES</b>						
<b>Equity</b>						
(a) Equity share capital	4,238.10	-	4,238.10	1,500.00	-	1,500.00
(b) Other equity	5,022.53	(309.93)	4,712.60	1,732.10	(154.40)	1,577.70
	9,260.63	(309.93)	8,950.69	3,232.10	(154.40)	3,077.70
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	66.73	70.71	137.44	132.57	70.71	203.28
(b) Provisions	72.34	-	72.34	28.71	-	28.71
(c) Deferred tax liabilities (net)	362.53	224.76	587.29	115.07	76.34	191.41
	501.60	295.47	797.06	276.35	147.04	423.40
<b>Current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	-	-	-	2,145.37	-	2,145.37
(ii) Trade payables	11,234.27	-	11,234.27	2,802.06	-	2,802.06
(iii) Other financial liabilities	179.83	-	179.83	368.92	-	368.92
(b) Other current liabilities	369.61	-	369.61	243.13	-	243.13
(c) Provisions	90.85	14.46	105.32	29.73	4.05	33.78
	11,874.56	14.46	11,889.02	5,589.22	4.05	5,593.27
<b>Total equity and liabilities</b>						
	21,636.78	0.00	21,636.78	9,097.67	(3.30)	9,094.37

**Reconciliation notes:****Opening Ind AS Balance Sheet as at April 1, 2015**

- The exchange difference recognised under the earlier GAAP on non monetary items being the advance given to suppliers has been reversed of Rs. 3.30 lacs
- The deferred tax liability on the revaluation reserve arising out of prior period revaluation of property, plant and equipment, which has been considered as deemed cost has been created and accordingly the retained earnings are adjusted.
- The revaluation reserve has been transferred to opening retained earnings.
- The increase of sales tax deferral loan balance arising out of demand identified by the Company of an earlier year has been adjusted in the opening transitional balance sheet. Refer note 12 (2) of notes to financial statements.
- Consequential effect of increase of sales tax deferral loan is given to the retained earning under other equity.
- The Company has made provisions for estimated sales return based on its past history and trend.

**Balance sheet as at March 31, 2016**

The impacts arising out of para b, c, e and f above are also given for the comparative balance sheet as at March 31, 2016.



35 Effect of IND AS adoption on the Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Previous GAAP (Rs. in lacs)	Effect of Transition to IND AS (Rs. in lacs)	2015-16 (Rs. in lacs)
<b>I) INCOME:</b>			
Revenue from operations (gross)	114,448.15	(10.41)	114,437.74
Other income	18.54	3.30	21.85
Total Income (I)	114,466.70	(7.11)	114,459.59
<b>II) EXPENSES:</b>			
Cost of raw materials and components consumed	91,360.98	-	91,360.98
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	(552.13)	-	(552.13)
Excise duty on sale of goods	13,680.58	-	13,680.58
Employee benefits expense	1,762.03	(5.04)	1,756.99
Finance cost	29.14	-	29.14
Depreciation & amortisation	892.18	-	892.18
Other expenses	4,879.18	-	4,879.18
Total expenses (II)	112,051.96	(5.04)	112,046.93
Profit before tax	2,414.74	(2.07)	2,412.66
Tax expense	761.38	(25.63)	735.75
1. Current tax	865.00	-	865.00
2. Deferred tax liability / (asset)	(103.62)	(25.63)	(129.25)
Profit for the period	1,653.36	23.56	1,676.93
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Reameasurement of the net defined benefit liability / asset	-	(7.70)	(7.70)
Tax effect thereon	-	2.66	2.66
Total other comprehensive income, net of tax	-	(5.04)	(5.04)
Total comprehensive income for the period	1,653.36	18.52	1,671.89

**Reconciliation Notes:**

**Statement of Profit and Loss for the year ended March 31, 2016**

- Provision for estimated sales return has been made based on past history and trend and the revenue is adjusted accordingly.
- The actuarial loss net of deferred tax thereon on employee benefit plan has been adjusted in other comprehensive income
- Deferred tax adjustments arising out of revaluation of property, plant and equipment considered as part of deemed cost have been given in the tax expenses.

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### 36 Contingent liabilities and commitments

Description	2016-17 (Rs. in lacs)	2015-16 (Rs. in lacs)
<b>Contingent liabilities</b>		
(a) Claims against the company not acknowledged as debt;		
(b) Bank guarantees given on behalf of Company	23.42	16.08
(c) Letter of credit outstanding	-	-
(d) Disputed indirect tax dues for which the company is contingently liable	328.49	316.89
(e) Contractual obligations in the event of cancellation of contract	-	-

The Company had received, during the previous year, an order from the Karnataka Appellate Tribunal at Bangalore relating to Karnataka State Value Added Tax dismissing the plea of the Company relating to Chloride Alloys India Limited (CAIL), which has been merged with the Company w.e.f. April 1, 2015. In terms of the share purchase agreement between the Holding Company and the erstwhile promoters of CAIL, all liabilities relating to this matter will be borne by the erstwhile promoters. The total demand, including interest and penalty, arising from the aforesaid matters is Rs. 4,381.13 lacs (previous year Rs. 4199.65 lacs) as at the year end. The Company does not expect any liability to accrue in this matter as the amount is fully recoverable from the erstwhile promoters, as per the Share Purchase agreement, in case of any adverse decision at the higher forum.

As an abundant precaution, the Share Purchase amount is still held in Escrow Account with the Bank between the Holding Company and erstwhile Promoters of CAIL. The Company / erstwhile Promoters have appealed against the Order before the Hon'ble Central Sales Tax Appellate Authority.

Particulars	2016-17 (Rs. in lacs)	2015-16 (Rs. in lacs)
<b>Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	0.16
(b) Purchase orders backed by LC opened by bankers.	10,507.21	5,115.13
<b>Total</b>		

### 37 Disclosure of Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes and other denomination notes as defined in the Ministry of Corporate Affairs notification G.S. R. 308( E ) dated March 30, 2017 on the details of Specified Bank Notes held and transacted during the period from November 8, 2016 to December 30, 2016 the denomination wise SBNs and other notes as per the notification is given below.

Particulars	SBNs *	Other Denomination Notes	Total
	(In Rs.)	(In Rs.)	(In Rs.)
Closing cash in hand as on 8th November, 2016	343,500	24,725	368,225
( + ) Permitted receipts	-	344,560	344,560
( - ) Permitted payments	-	265,321	265,321
( - ) Amount deposited in Banks	343,500	1,450	344,950
Closing cash in hand as on 30th December, 2016	-	102,514	102,514

\* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407 ( E ), dated November 8, 2016.

### 38 Foreign exchange transactions

#### Un-hedged foreign currency exposure

Particulars	Currency	31-Mar-17	Currency	31-Mar-16
Trade Payables	USD	-	USD	820,965
Trade Payables	EURO	22,700	EURO	-
Creditors for Capital Goods	USD	-	USD	74,520
Advance to Suppliers*	USD	638,991	USD	-
Advance to Suppliers*	EURO	2,374	EURO	-
Receivable against Purchase Returns or Damages	USD	-	USD	23,983

Note : The items marked \* are fully provided for in the books of accounts and to that extent there may not be any exposure.



### 39 Significant accounting judgements, estimates and assumptions

The financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### a) Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

#### b) Taxes

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 together with future tax planning strategies.

#### c) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

### 40 First-time adoption of Ind AS

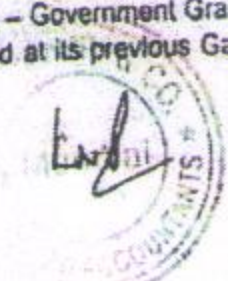
These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- i) The Company has elected to apply the exemption for deemed cost of property, plant and equipment contained in D7AA of Ind AS 101 by considering the previous Gaap carrying values as deemed costs. Accordingly the Net block as at March 31, 2015 as per the previous Gaap have been considered as the deemed cost as at April 1, 2015 and are being depreciated over the residual useful life on a straight line basis.
- ii) The Company had an interest free sales tax deferral loan of Rs. 271.67 lacs outstanding as on the date of transition. Under the previous Gaap the same was shown as a long term borrowing. Following the mandatory exception from retrospective application of Ind AS 20 – Government Grants contained in para B10 of Ind AS 101 – First Time Adoption of Indian Accounting Standards, the said loan has been carried at its previous Gaap carrying value and shown under financial liability – borrowing at amortised cost.



#### 41 Financial risk management objectives and policies

##### Financial risk factors

###### a) Market Risk

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is commodity price risk. However the Company primarily supplies to the parent company and its pricing mechanism for its products are linked to the LME prices of Lead that is the main raw material for the Company. The Company has not had any significant losses on account of price change risks arising out of changes in the price of Lead. The Company's main customer, being its parent, is however subject to commodity price changes but the Company's arrangement does not affect the transfer price between the Company and the parent.

Determining the sensitivity to the commodity price changes would not reflect the correct analysis as the Company is in a position to translate most of the price changes in its selling price determination with the parent. Hence the sensitivity to the commodity price changes is not disclosed.

###### b) Exchange risk

The Company operates only in the domestic market catering mainly to its parent company's lead alloy requirements for their storage battery manufacture. The Company's risk exposure to foreign exchange is limited to its sourcing the RM internationally and keeping the currency exposure open. The Company enters into forward contracts from time to time to freeze its foreign currency exposure to enable it to finalize its price with the customer. Consequently, to that extent the results of the Company's operations do not adversely get affected as the rupee appreciates/ depreciates against foreign currencies.

The Company's sensitivity to foreign currency risk is worked out for mainly the import purchases, which by and large gets recovered in the determination of selling price to the customer. The local prices of lead are correlated to the LME price and the relevant foreign currency exchange rate and therefore all changes in the foreign currency rates translate into changes in the determination of the selling price to the customer.

For a 5% change in the rate of exchange, the impact on the Company would Rs.375.10 lacs on its Profit statement and Rs 375.10 lacs on its Net Asset value on the assumption that the Company is unable to recover the difference in its selling price.

###### c) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 6251.33 lacs, which is majority from the parent company. The credit period agreed from the parent is 30 days and there have been no significant delays by the parent in honouring the contractual terms.

Since the primary customer is the parent the credit risk is remote. In the absence of any bad debts from the parent in the past the expected credit loss is zero and the Company is making no provisions on account any expected credit loss.

###### d) Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings except for a legacy Sales Tax deferral loan from the Maharashtra Sales Tax department. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

###### e) Interest Rate risk

The company does not have any borrowings and therefore the Company's direct exposure to interest rate risk is insignificant. The Company may only have exposure to market risk arising out of all round interest rate risks to industry affecting the trade and commerce.

The accompanying notes form an integral part of the standalone financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

For B. F. Pavri & Co.

Chartered Accountants

Firm Registration No. 107865



K.N. Padmanabhan

Partner

M No. 35410

Place: Kolkata

Date: April 28, 2017

A. K. Choudhury  
DIN 000134628  
Director

Arun Mittal

DIN 00412767

Director

U B Agarwal  
DIN 07501007  
CEO and WT Director

A K Choudhury  
Chief Financial Officer

Seema Bajaj  
Company Secretary