INDO RAMA SYNTHETICS (INDIA) LIMITED

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2018

(₹ in crores, unless otherwise stated)

Sr. No.	Particulars (refer notes below)	3 months ended 30 September 2018	Preceeding 3 months ended 30 June 2018	Corresponding 3 months ended in the previous year 30 September 2017	Year to date figures for current period ended 30 September 2018	Year to date figures for previous period ended 30 September 2017	Previous year ended 31 March 2018
		(Unaudited)			(Unaudited)		(Audited)
1	Income from operations [refer note 3 and 6(b)]	394.41	355.54	618.01	749.95	1,269.51	2,313.70
2	Other income	1.18	1.08	0.94	2.24	1.87	3.74
3	**Total income (1+2)**	**395.59**	**356.62**	**618.95**	**752.19**	**1,271.38**	**2,317.44**
4	**Expenses**						
	(a) Cost of materials consumed	383.25	216.06	424.29	599.31	862.11	1,572.89
	(b) Purchases of stock-in-trade	27.64	27.05	16.83	54.69	18.63	72.57
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(115.12)	31.73	6.84	(83.39)	24.54	44.36
	(d) Excise duty (refer note 3)	-	-	-	-	58.06	58.06
	(e) Employee benefits expense (refer note 8)	19.05	18.43	23.19	37.48	43.22	84.93
	(f) Other expenses (refer note 8)	69.89	60.98	130.59	130.85	225.45	424.41
	Total expenses before depreciation, finance costs and foreign exchange fluctuation loss and exceptional items	**384.71**	**354.25**	**601.74**	**738.94**	**1,232.01**	**2,257.22**
5	**Profit from operations before depreciation, finance costs, foreign exchange fluctuation and exceptional items (3-4)**	**10.88**	**2.37**	**17.21**	**13.25**	**39.37**	**60.22**
6	Depreciation expense	21.58	21.08	20.69	42.66	41.06	83.20
7	Finance costs	32.40	24.52	23.17	56.92	46.94	94.37
8	Foreign exchange fluctuation loss	4.21	3.08	0.35	7.29	2.04	0.15
9	**Total expenses before exceptional items and tax (4+6+7+8)**	**442.90**	**402.93**	**645.95**	**845.81**	**1,322.05**	**2,434.94**
10	**Loss before exceptional items and tax (3-9)**	**(47.31)**	**(46.31)**	**(27.00)**	**(93.62)**	**(50.67)**	**(117.50)**
11	Exceptional items (refer note 7)	-	-	-	-	-	(7.36)
12	**Loss before tax (10+11)**	**(47.31)**	**(46.31)**	**(27.00)**	**(93.62)**	**(50.67)**	**(124.86)**
13	Tax expense						
	Deferred tax credit (refer note 2(a))	14.69	17.11	9.38	31.80	17.48	42.17
14	**Net loss for the period (12+13)**	**(32.62)**	**(29.20)**	**(17.62)**	**(61.82)**	**(33.19)**	**(82.69)**
15	**Other comprehensive income**						
	(i) Items that will not be reclassified to profit or loss	(0.08)	(0.08)	(0.08)	(0.16)	(0.16)	1.02
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.02	0.03	0.03	0.05	0.06	(0.35)
16	**Total comprehensive income for the period (14+15)**	**(32.68)**	**(29.25)**	**(17.67)**	**(61.93)**	**(33.29)**	**(82.02)**
17	Paid-up equity share capital (face value of ₹ 10 each)	159.31	151.82	151.82	159.31	151.82	151.82
18	Other equity	-	-	-	-	-	267.86
19	**Earnings per share (of ₹ 10 each) (not annualised)**						
	(a) Basic	(2.08)	(1.92)	(1.16)	(4.01)	(2.19)	(5.45)
	(b) Diluted	(2.08)	(1.92)	(1.16)	(4.01)	(2.19)	(5.45)

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Notes:

1. **Statement of assets and liabilities**

(₹ in crores, unless otherwise stated)

Particulars	As at 30 September 2018 Unaudited	As at 31 March 2018 Audited
A. Assets		
(1) Non-current assets		
(a) Property, plant and equipment	803.36	839.72
(b) Capital work-in-progress	2.53	2.67
(c) Financial assets		
(i) Loans	3.14	2.09
(ii) Other financial asssets	7.33	8.27
(d) Deferred tax assets (net) [refer note 2(a)]	127.75	95.90
(e) Non-current tax assets (net)	10.99	11.70
(f) Other non-current assets	15.46	15.79
Total non-current assets	**970.56**	**976.14**
(2) Current assets		
(a) Inventories	221.63	116.21
(b) Financial assets		
(i) Investments	0.84	0.90
(ii) Trade receivables	125.64	110.90
(iii) Cash and cash equivalents	2.81	13.64
(iv) Bank balances other than cash and cash equivalents	62.86	68.88
(v) Loans	0.03	1.11
(vi) Other financial assets	73.99	71.52
(c) Other current assets	183.68	137.97
Total current assets	**671.48**	**521.13**
TOTAL ASSETS	**1,642.04**	**1,497.27**
B. Equity and liabilities		
(1) Equity		
(a) Equity share capital	159.31	151.82
(b) Other equity	228.37	267.86
Total equity	**387.68**	**419.68**
(2) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	223.21	36.77
(b) Provisions	21.96	21.14
Total non-current liabilities	**245.17**	**57.91**
(3) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	104.17	253.39
(ii) Trade payables		
-total outstanding dues of micro enterprises and small enterprises	0.25	0.49
-total outstanding dues of creditors other than micro enterprises and small enterprises	744.66	623.32
(iii) Other financial liabilities	111.28	100.75
(b) Other current liabilities	45.69	38.59
(c) Provisions	3.14	3.14
Total current liabilities	**1,009.19**	**1,019.68**
TOTAL EQUITY AND LIABILITIES	**1,642.04**	**1,497.27**

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Notes:

2(a) The Company's business comprises of Polyester products, which had been highly competitive resulting into losses in the current as well as previous period(s) but over the period the demand and supply in the industry has balanced, resulting in improved plant operating rate. This has resulted in improved profit margins in the industry. The Company has also taken several initiatives to improve its operational performance in terms of specialty products, cost control initiatives and addition of new customers. The Company has secured additional working capital funds to ease the liquidity position and improve the capacity utilization. Based on the above, the Company believes that the profitability will improve over the next few years. The Company is confident that the deferred tax assets carried at the end of the period is fully recoverable.

(b) The Company incurred a net loss of ₹ 32.68 crores and ₹ 61.93 crores respectively during the quarter and six months ended 30 September 2018 and, as of that date, the Company's current liabilities exceeded its current assets. Also, there were certain delays in discharging obligations at the relevant repayment dates. The plant was underutilized and under utilisation of plant capacity was mainly due to paucity of working capital funds and due to change in the macro economic scenarios.

To improve working capital position and improve its operational performance, the Company has taken the following steps:
(i) subsequent to year ended 31 March 2018, the Company has obtained funds from non-banking finance company.
(ii) continued focus on debtors invoice collections, keeping inventory levels at a minimum.
(iii) continued focus on cost containment in all areas of business.
(iv) undertaken a programme to continue to monitor the Company's ongoing working capital requirements and minimum expenditure commitments.

As a result of the above matters, the management is of the view that the Company will continue as a going concern and, therefore, will realise its assets and liabilities and commitments in the normal course of business. The management remain confident about the successful achievement of projected targets and therefore no adjustments have been made to these financial results relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

3. Revenue from operations for the quarter and six months ended 30 September 2018 and quarter ended 30 June 2018 is net of Goods and Service Tax (GST) which is applicable from 1 July 2017. However, revenue for the periods upto 30 June 2017 (included in figure of six months ended 30 September 2017) was net of Value Added Tax (VAT) but inclusive of excise duty. Accordingly, the revenue from operations for the quarter and six months ended 30 September 2018 are not strictly comparable with the quarter and six months ended 30 September 2017 presented in those financial results. Similarly, excise duty expense is also not comparable.

4. The above financial results were reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on 10 November 2018.

5. The Company's primary business segment is reflected based on principal business activities carried on by the Company. As per Indian Accounting Standard 108, Operating Segments, as notified under the Companies (Indian Accounting Standards) Rules, 2015, the Company operates in one reportable business segment i.e., manufacturing of Polyster goods and hence, considered as single geographical segment.

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6(a) The Company has carried forward insurance claim recoverable amounting to ₹ 32.44 crores and interest receivable amounting to ₹ 11.69 crores thereon recognised upto June 2012 awarded in favor of the Company by the Arbitrator Tribunal. Currently, the case is pending with Delhi High Court.

(b) The Company has further recognised an interest of ₹ 18.25 crores from July 2012 onwards to 30 September 2018 on the insurance claim recoverable referred to in 3(a) above. Out of this, during the quarter and six months ended 30 September 2018, the Company has recognised an interest of ₹ 0.73 crores and ₹ 1.46 crores respectively (for the quarter and six months ended 30 September 2017: ₹ 0.73 crores and ₹ 1.46 crores respectively and year ended 31 March 2018: ₹ 2.92 crores) under 'revenue from operations', for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to fire incidents at its plant in 2007-08. As legally advised, the Company is of the view that the amount recognised is fully recoverable. This is in line with accounting treatment adopted in the previous periods.

7. Exceptional items in the year ended 31 March 2018, ₹ 7.36 crores incurred towards fees as per provisions of foreign trade policy.

8. Contractual manpower cost in quarter and six months ended 30 September 2017 and year ended 31 March 2018 amounting to ₹ 4.20 crores, ₹ 8.70 crores and ₹ 14.63 crores respectively have been regrouped from employee benefits expense to other expense to provide more relevant information.

9. During the quarter ended 30 September 2018, the Company has received Rs. 199.99 crores by way of allotment of 19,999 Non-Convertible Debentures of the face value of Rs. 100,000 each which has been utilized towards repayment of debt. The Company has listed these debentures as on 19 July 2018 on BSE Limited. In compliance with Regulation 52(4) of the SEBI (LODR) Regulations, 2015, we are submitting herewith the following information as on 30 September 2018 in respect of Redeemable Non-Convertible Debentures (NCDs):

S.No.	Heading	As at and for the period ended 30 September 2018
1	Credit Rating	C
2	Asset Cover available	Refer Note (i) below
3	Debt Equity Ratio (Note ii)	1.04
4	Debt Service Coverage Ratio (Note iii)	0.16
5	Interest Service Coverage Ratio (Note iv)	0.21
6	Outstanding Redeemable Preference Shares	Not applicable
7	Debenture Redemption Reserve (In Rs. Crores)	-
8	Net worth (In Rs. Crores)	387.68
9	Net profit after tax (In Rs. Crores)	(61.82)
10	Earnings per share (In Rs.) – Basic	(4.01)
11	Earnings per share (In Rs.) – Diluted	(4.01)

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Note:

(i) Listed NCDs are secured and asset coverage is more than hundred percent of the principal outstanding.
(ii) Debt Equity Ratio = [Loans Funds/Shareholders Funds (Share Capital + Reserve & Surplus)].
(iii) Debt Service Coverage Ratio = [Earnings before interest, depreciation, foreign exchange loss and tax/(Interest Charged + Net principal repayment)].
(iv) Interest Service Coverage Ratio = [Earnings before interest, depreciation, foreign exchange loss and tax/Interest Charged].
(v) There were no NCDs issued as on 31 March 2018.

(Rs.in crores)

		Previous due date of			**Next due date of**			
S.No.	**ISIN Nos.**	**Interest payment**	**Principal payment**	**Interest / principal has been paid or not**	**Interest payment**	**Interest Amount Due**	**Principal payment**	**Principal Amount Due**
1	INE156A07027	-	-	-	12 November 2018	1.40	12 October 2019	10.00

10. The auditors of the Company have carried out a limited review of the unaudited financial results for the quarter and six months ended 30 September 2018 and have issued a modified review report. The report of the auditors is being filed with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). For more details on reviewed results, visit Investor Relations section of our website at www.indoramaindia.com and financial results under Corporates section of www.nseindia.com and www.bseindia.com.

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

Om Prakash Lohia
Chairman and Managing Director
(Director Identification No.: 00206807)

Place: Gurugram
Date: 10 November 2018