

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditor's Report to the Board of Directors of ACB (India) Limited

We have audited the accompanying annual Ind AS financial results ('financial results') of **ACB (India) Limited** ('the Company') for the year ended 31 March 2017, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 ('the Regulation'). Attention is drawn to the fact that the figures for the six months period ended 31 March 2017 and the corresponding six months period ended of previous financial year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures for the six months period ended 30 September 2016 and 30 September 2015, respectively. Also, the figures for the six months period ended 30 September 2016 and 30 September 2015 had only been reviewed and not subjected to audit.

### Management's Responsibility for the financial results

These financial results have been prepared on the basis of the annual Ind AS financial statements and reviewed financial results for the six months period ended 30 September 2016. Management is responsible for the preparation of these financial results that give a true and fair view of the financial performance and other financial information in accordance with the recognition and measurement principles laid down under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules thereunder, other accounting principles generally accepted in India and in compliance with the Regulation. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial results 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 financial results based on our audit of annual Ind AS financial statements. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as the financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our audit opinion.



## Opinion

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, these financial results:

- (i) are presented in accordance with the requirements of Clause 52 of the Regulation and SEBI circular dated 10 August 2016 issued in this regard; and
- (ii) give a true and fair view of the financial performance including other comprehensive income and other financial information for the year ended 31 March 2017

## Emphasis of Matters

1. With regard to dispute with one of the customers for quality of the beneficiated coal supplied by the Company, the customer had invoked bank guarantees of Rs. 2,009.34 lacs (previous year Rs. 2,009.34 lacs) (out of total bank guarantees of Rs. 3,798.34 lacs) and raised further claim amounting to Rs. 752.67 lacs (previous year Rs. 752.67 lacs) for recovery of cost of coal supplied by customer for beneficiation and penalties. The matter for invocation of bank guarantees was pending at Hon'ble Supreme Court of India. Meantime, on an application filed for the appointment of Arbitrator in regard to above disputes, the Hon'ble Bombay High Court, Nagpur Bench appointed Sole Arbitrator to adjudicate the dispute. During the year ended 31 March 2015, the Company and the customer filed their claim and counter claim (including claim towards power generation loss, which is considered as baseless by the Company), respectively, with the Arbitrator. The decision of the Sole Arbitrator is pending.

Subsequent to the year ended 31 March 2016, in the matter for invocation of bank guarantees, the Hon'ble Supreme Court of India vide order dated 15 September 2016 directed the banks to release 40 percent of the total bank guarantees to the customer within a week, which the banks have released and rest of the amount to be covered by the fresh bank guarantees to be kept alive till final award is passed by the learned Arbitrator.

The Hon'ble Supreme Court of India directed the learned Arbitrator to finally dispose off the matter by February 2017 and also not to be influenced by this interim arrangement as it has been done on the basis of concession and to adjudicate the claim pertaining to bank guarantees on its own merits. The learned Arbitrator in the minutes of the meeting dated 16 February 2017 directed the parties to seek extension of time for the disposal of matter to which Hon'ble Supreme Court vide order dated 17 April 2017 has extended the time till end of November 2017 so that the learned Arbitrator can pass the award as per law.

However, management believes that final outcome of the litigation will not have significant financial impact and accordingly, no provision is required against the claims of the customer. Our report is not modified in respect of this matter.



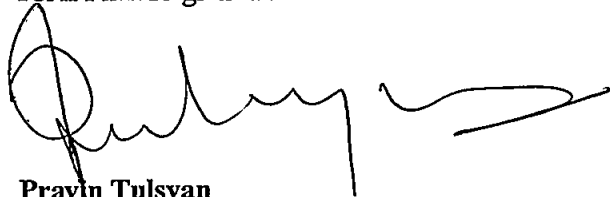
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2. The Company has overdue receivable amounting to Rs. 1,696.38 lacs (previous year Rs. 1,696.38 lacs) from Karnataka Power Corporation Limited, one of the customers of the Company, relating to the sale of beneficiated coal. The matter is in dispute and at present with Hon'ble High Court, Karnataka. The Company, based on the agreed terms of contract and present negotiations, is confident of recovering the entire outstanding amount and hence considers that no provision for doubtful debt and advances is required at this stage. Our report is not modified in respect of this matter.

*For B S R & Co. LLP*

*Chartered Accountants*

ICAI Firm Registration No: 101248W/W100022



**Pravin Tulsyan**

*Partner*

Membership No. 108044

Place: Gurugram

Date: 29 May 2017


**ACB (INDIA) LIMITED**

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**Audited Ind AS financial results for the six months period and year ended 31 March 2017**

(All amounts are in Rupees Lacs, unless otherwise stated)

Particulars	For the six months period ended 31 March 2017 Audited (refer note 10)	For the six months period ended 31 March 2016 Audited (refer note 10)	For the year ended 31 March 2017 Audited	For the year ended 31 March 2016 Audited
1 (a) Net income from operations	60,030.41	60,237.34	115,335.73	119,262.03
(b) Other operating income	-	-	-	-
<b>Total income</b>	<b>60,030.41</b>	<b>60,237.34</b>	<b>115,335.73</b>	<b>119,262.03</b>
2 <b>Expenses:</b>				
(a) Decrease/ (increase) in inventories of coal and work in progress	6,923.91	(1,037.73)	8,292.08	(3,694.31)
(b) Purchase of coal	724.34	1,793.84	1,256.17	8,617.02
(c) Transportation and loading charges	8,930.15	11,217.42	17,394.27	21,140.25
(d) Power, fuel and water expenses	4,764.82	4,724.03	8,813.53	8,809.80
(e) Consumption of chemicals	170.80	214.40	341.74	399.50
(f) Purchase of equipment and other engineering services charges	1,793.88	2,588.14	3,977.75	3,450.75
(g) Employee benefits expense	4,276.86	4,316.53	9,122.51	9,127.20
(h) Depreciation and amortisation expense	5,429.50	5,252.24	10,964.44	10,600.59
(i) Other expenses	13,181.21	15,502.69	27,908.73	27,066.90
<b>Total expenses</b>	<b>46,195.47</b>	<b>44,571.56</b>	<b>88,071.22</b>	<b>85,517.70</b>
3 <b>Profit from operations before other income, interest cost and exceptional items (1-2)</b>	<b>13,834.94</b>	<b>15,665.78</b>	<b>27,264.51</b>	<b>33,744.33</b>
4 Other income	2,108.85	1,633.88	4,471.53	3,585.88
5 <b>Profit before interest cost and exceptional items (3+4)</b>	<b>15,943.79</b>	<b>17,299.66</b>	<b>31,736.04</b>	<b>37,330.21</b>
6 Interest cost	11,788.92	11,141.93	22,167.99	21,568.00
7 Exceptional items	-	-	-	-
8 <b>Profit from ordinary activities before tax [5-(6+7)]</b>	<b>4,154.87</b>	<b>6,157.73</b>	<b>9,568.05</b>	<b>15,762.21</b>
9 Tax expense	(148.98)	544.03	372.86	2,627.26
10 <b>Net profit from ordinary activities after tax (8-9)</b>	<b>4,303.85</b>	<b>5,613.70</b>	<b>9,195.19</b>	<b>13,134.95</b>
11 Extra ordinary items	-	-	-	-
12 <b>Net profit for the period (10-11)</b>	<b>4,303.85</b>	<b>5,613.70</b>	<b>9,195.19</b>	<b>13,134.95</b>
<b>Other comprehensive income:</b>				
13 Items that will never be reclassified to the Statement of Profit and Loss (net of tax)	(42.52)	33.15	(41.66)	67.51
14 <b>Total comprehensive income for the period (12+13)</b>	<b>4,261.33</b>	<b>5,646.85</b>	<b>9,153.53</b>	<b>13,202.46</b>
15 Paid up equity share capital (Face value per share of Rs. 10 each)	23,800.57	23,800.57	23,800.57	23,800.57
16 Paid up debt capital ^	25,500.00	54,500.00	25,500.00	54,500.00
17 Debenture redemption reserve	4,536.29	3,281.67	4,536.29	3,281.67
18 Reserves (excluding revaluation reserves and debenture redemption reserve)	NA	NA	197,879.41	191,175.22
19 Net worth (Paid up equity share capital plus Reserves and surplus, excluding debenture redemption reserve)	221,679.98	214,975.79	221,679.98	214,975.79
20 Earning per share (in Rs.)	1.79 *	2.38 *	3.85	5.55
21 Debt equity ratio (DER) **	0.84	0.89	0.84	0.89
22 Debt service coverage ratio (DSCR) #	1.42	1.03	1.00	1.02
23 Interest service coverage ratio (ISCR) ##	1.81	2.02	1.93	2.22

^ Represents non-convertible debentures.

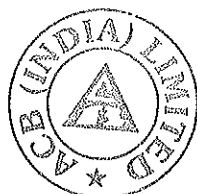
\* Not annualised.

\*\* DER = Debt [long term debt (including current maturities) + short term debt] / Equity [paid up equity share capital and reserves and surplus].

# DSCR = Profit before interest cost and exceptional items, depreciation and amortisation expense and after tax / [Interest cost (including capitalised portion) + Scheduled principal repayments of long-term borrowings (excluding prepayments) during the period].

## ISCR = Profit before interest cost and exceptional items, depreciation and amortisation expense and tax / Interest cost (including capitalised portion)

See accompanying notes to the financial results



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**Statement of Assets and Liabilities as at 31 March 2017***(All amounts are in Rupees Lacs, unless otherwise stated)*

	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>
	<b>Audited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>(1) Non-current assets</b>		
(a) Property, plant and equipment	140,512.57	146,502.83
(b) Capital work-in-progress	6,524.04	9,200.91
(c) Intangible assets	427.69	83.58
(d) Investment in subsidiaries, joint venture and associates	194,581.14	179,907.21
(e) Financial assets		
(i) Investments	354.66	254.53
(ii) Loans	2,062.08	1,471.28
(iii) Other financial assets	591.49	309.02
(f) Other non-current assets	2,865.88	2,220.35
<b>Total non-current assets</b>	<b>347,919.55</b>	<b>339,949.71</b>
<b>(2) Current assets</b>		
(a) Inventories	15,937.97	24,065.74
(b) Financial assets		
(i) Investments	-	24,990.18
(ii) Trade receivables	25,150.98	29,257.30
(iii) Cash and cash equivalents	1,515.99	991.49
(iv) Other bank balances	7,544.82	5,104.64
(v) Loans	28,289.31	5,161.69
(vi) Other financial assets	8,976.97	6,721.24
(c) Other current assets	2,591.79	2,207.85
<b>Total current assets</b>	<b>90,007.83</b>	<b>98,500.13</b>
<b>TOTAL ASSETS</b>	<b>437,927.38</b>	<b>438,449.84</b>
<b>EQUITY AND LIABILITIES</b>		
<b>(1) EQUITY</b>		
(a) Equity share capital	23,800.57	23,800.57
(b) Other equity	202,415.70	194,456.89
<b>Total equity</b>	<b>226,216.27</b>	<b>218,257.46</b>
<b>(2) LIABILITIES</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	148,632.39	137,048.61
(ii) Other financial liabilities	3,084.83	2,628.66
(b) Provisions	1,518.55	1,135.10
(c) Deferred tax liabilities (Net)	11,170.32	10,815.86
Less: Minimum alternate tax credit entitlement	(7,048.62)	(5,232.62)
	4,121.70	5,583.24
<b>Total non-current liabilities</b>	<b>157,357.47</b>	<b>146,395.61</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	23,444.19	33,603.87
(ii) Trade payables	8,246.81	10,221.01
(iii) Other financial liabilities	21,160.04	27,673.43
(b) Other current liabilities	1,391.80	2,179.09
(c) Provisions	110.80	119.37
<b>Total current liabilities</b>	<b>54,353.64</b>	<b>73,796.77</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>437,927.38</b>	<b>438,449.84</b>



**Notes:**

1. 'Audited Ind AS financial results' ('financial results') have been extracted from the audited annual Ind AS financial statements. These financial results are prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable and discloses information required to be disclosed in term of Regulation 52 of SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 (as amended).

Ind AS is applicable to the Company for the first time for the year ended 31 March 2017 as required by the Companies Act, 2013. As part of its transition, the Company has prepared its financial results under Ind AS, as beginning from 1 April 2016 with transition date on 1 April 2015. The comparative figures for the year ended 31 March 2016 have been prepared in accordance with Ind AS 101 on First time adoption of Indian Accounting Standards.

2. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 29 May 2017. The statutory auditors of the Company have expressed an unmodified audit opinion and their report is being filed with the Bombay Stock Exchange ("BSE") and is also available on the Company's website at [www.acbindia.com](http://www.acbindia.com).
3. The rating for non-convertible debentures of Rs. 25,500 lacs outstanding as on 31 March 2017 from Crisil Limited is A+/Negative.
4. Following is the information regarding interest and principal payment of non-convertible debentures:

Series of NCDs	Outstanding amount as at 31 March 2017 (Rs. lacs)	Previous due date for payment of Interest	Actual date of payment of Interest	Next due date for payment of Interest	Next due date for repayment of Principal	Scheduled Principal repayment amount (Rs. lacs)
Series 1	5,500.00	31-01-2017	31-01-2017	31-07-2017	31-07-2017	2,750.00
Series 2	5,000.00	31-10-2016	31-10-2016	31-10-2017	31-10-2017	2,500.00
Series 3	1,000.00	11-12-2016	09-12-2016	11-12-2017	11-12-2017	500.00
Series 4	3,500.00	20-01-2017	20-01-2017	20-01-2018	20-01-2018	1,750.00
Series 5	1,000.00	28-03-2017	28-03-2017	28-03-2018	28-03-2018	500.00
Series 6	2,500.00	05-06-2016	04-06-2016	05-06-2017	05-06-2018	1,250.00
Series 7	1,000.00	25-06-2016	24-06-2016	25-06-2017	25-06-2018	500.00
Series 8	6,000.00	18-03-2017	18-03-2017	18-03-2018	18-03-2020	6,000.00
<b>Total</b>	<b>25,500.00</b>					<b>15,750.00</b>

5. The non-convertible debentures are secured by an adequate asset cover as per the terms of Disclosure Document filed with BSE Limited.
6. In the previous years, one of the customers, pursuant to a contract entered for beneficiation of coal, has invoked bank guarantees of Rs. 2,009.34 lacs (previous period Rs. 2,009.34 lacs) out of total bank guarantees of Rs. 3,798.34 lacs and raised further claim amounting to Rs. 752.67 lacs (previous period Rs. 752.67 lacs) for recovery of cost of coal supplied by customer for beneficiation and penalties. On an application filed for the appointment of Arbitrator in regard to above disputes, the Hon'ble Bombay High Court, Nagpur Bench appointed Sole Arbitrator and the Company has filed its claim to the Arbitrator. The decision of the Sole Arbitrator is pending.

Subsequent to the year ended 31 March 2016, in the matter for invocation of bank guarantees, the Hon'ble Supreme Court of India vide order dated 15 September 2016 directed the banks to release 40 percent of the bank guarantees to the customer within a week, which the banks have released, and rest of the amount to be covered by the fresh bank guarantees to be kept alive till final award is passed by the



learned Arbitrator. The Hon'ble Supreme Court of India directed the learned Arbitrator to finally dispose off the matter by February 2017 and also not to be influenced by this interim arrangement as it has been done on the basis of concession and to adjudicate the claim pertaining to bank guarantees on its own merits. The learned Arbitrator in the minutes of the meeting dated 16 February 2017 directed the parties to seek extension of time for the disposal of matter to which Hon'ble Supreme Court vide order dated 17 April 2017 has extended the time till end of November 2017 so that the learned Arbitrator can pass the award as per law.

However, management believes that final outcome of the litigation will not have significant financial impact and accordingly, no provision is required against the claims of the customer.

7. The Company has overdue trade receivables balance and security deposit receivable, amounting to Rs. 1,671.38 lacs (previous period Rs. 1,671.38 lacs) and Rs. 25.00 lacs (previous period Rs. 25.00 lacs) respectively, from one of its customer relating to sale of beneficiated coal. During the year ended 31 March 2013, the Company had filed civil suit in the appropriate court for the recovery of its amount. The customer in its written statement contested the claim of the Company and denied to any amount payable to the Company. The matter is now pending with Hon'ble Court of the City Civil Judge Bangalore, Karnataka. However, based on the merits of the case, management is confident of recovery of the entire outstanding balance.
8. Reconciliation of Net Profit and Equity as reported under erstwhile IGAAP and as restated in compliance with Ind AS is as under:

Particulars	Net Profit		Equity
	Six months period ended 31 March 2016	Year ended 31 March 2016	As At 31 March 2016
<b>Reported under erstwhile IGAAP</b>	<b>4,882.82</b>	<b>12,480.63</b>	<b>216,378.61</b>
Amortisation of debt origination cost through accretion of borrowings	(633.49)	(895.73)	607.78
Impact of time value of money for long-term receivables and payables	58.49	95.80	(230.93)
Adjustment due to accounting for capital spares	756.04	886.64	718.52
Fair valuation of investments in preference shares	1,017.60	1,017.60	43.41
Mark to market of foreign currency loans	-	-	(93.04)
Provision for proposed dividend added back (including corporate dividend tax)	-	-	1,194.72
Others	(12.30)	0.40	-
Consequential tax adjustments	(422.31)	(382.88)	(361.61)
<b>Now reported under Ind AS</b>	<b>5,646.85</b>	<b>13,202.46</b>	<b>218,257.46</b>

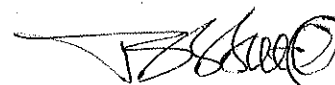
9. During the current year, the Company has changed the trigger plan date for 30 MW-Extn. Thermal Power Plant business eligible for tax holiday period under Section 80-IA of the Income Tax Act, 1961. Accordingly, deferred tax assets to the extent of Rs. 91.53 lacs (previous period Rs. 1,138.83 lacs relating to 30MW-Extn. Thermal Power Plant and 270 MW Thermal Power Plant) has been considered for adjustment with deferred tax charge for the six months period ended 31 March 2017.



10. The figures for the six months period ended 31 March 2017 and the corresponding six months period ended of previous financial year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures for the six months period ended 30 September 2016 and 30 September 2015, respectively. Also, the figures for the six months period ended 30 September 2016 and 30 September 2015 had only been reviewed and not subjected to audit.

Place : Gurugram  
Date : 29 May 2017

**For and on behalf of Board of Directors**



**Rudra Sen Sinhu**  
Chairman cum Managing Director

