

B S R & Company

Chartered Accountants

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Independent Auditors' Report

To Board of Directors of ACB (India) Limited

1. We have audited the Financial results for the of ACB (India) Limited ('the Company') for the year ended 31 March 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. Attention is drawn to the fact that the figures for the half year ended 31 March 2016 and the corresponding six month period ended in the previous 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 ended for the relevant financial year. Also the figures upto half year had only been reviewed and not subjected to audit.
2. These financial results have been prepared by the Company on the basis of the standalone financial statements and reviewed financial results for the half year ended 30 September 2015, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of the standalone financial statements which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.
3. 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 misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion and to the best of our information and according to the explanations given to us, these financial results:
 - (i) have been presented in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in this regard; and
 - (ii) give a true and fair view of the net profit and other financial information for the year ended 31 March 2016.



5. Emphasis of Matter

- a. We draw attention to note 6 with regard to dispute with one of the customers for quality of the beneficiated coal supplied by the Company. The customer has invoked bank guarantees of Rs. 2,009.34 lacs (previous year Rs. 2,009.34 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 Company had filed an application seeking interim protection from the invocation of bank guarantees till the matter is decided by the Arbitral Tribunal. District Judge dismissed the plea of the Company and same was challenged by the Company before the Hon'ble High Court, Nagpur which also rejected the plea of the Company. After rejection of the plea of the Company by Hon'ble High Court, Nagpur, the Company has filed Special Leave Petition ('SLP') with Hon'ble Supreme Court of India.

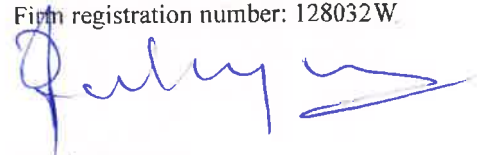
In the meantime, the High Court of Judicature at Bombay, Nagpur Bench had appointed sole arbitrator to adjudicate the dispute. During the year ended 31 March 2015, the Company and the customer filed their claim and counter claim (including claim towards power generation loss, which is considered as baseless by the Company), respectively with the Arbitrator. The decision of the Sole Arbitrator is pending. The matter is under litigation, however the management believes that the 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.

- b. We draw attention to note 7 which explains the management's assessment of overdue receivable amounting to Rs. 1,696.38 lacs (previous year Rs. 1,696.38 lacs) from one of the customer of the Company, relating to the sale of beneficiated coal. The matter is in dispute and at present with Hon'ble Court of the City Civil Judge Bangalore, 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.
- c. attention is invited to note 5 with regard to certain transactions entered into by the Company with certain parties covered under section 297 of the Companies Act, 1956, amounting to Rs. 119.54 lacs during the year ended 31 March 2014, which are in excess of approval obtained from the Central Government and Rs. 103.06 lacs during the year ended 31 March 2010, in respect of which prior approval of the Central Government had not been obtained, as envisaged under that section, by the Company.

During the current period, the Company has filed an application to Ministry of Corporate Affairs ('MCA') for compounding of the above matter. The management believes that the outcome of above will not have significant financial impact. Our report is not modified in respect of this matter.

Place: Gurgaon
Date: 26 May 2016

For B S R & Company
Chartered Accountants
Firm registration number: 128032W



Pravin Tulsyan
Partner
Membership No. 108044



ACB (INDIA) LIMITED

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Financial results for the year ended 31 March 2016

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

Particulars	For the 6 months	For the 6 months	For the year	For the year
	period ended	period ended	ended	ended
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Unaudited	Unaudited	Audited	Audited
1 (a) Net income from operations	60,710.04	62,979.86	120,135.47	142,031.81
(b) Other operating income	-	-	-	-
Total	60,710.04	62,979.86	120,135.47	142,031.81
2 Expenditure				
(a) (Increase)/ decrease in inventories of coal and work in progress	(1,037.73)	(6,353.46)	(3,694.31)	(6,369.18)
(b) Purchase of coal	1,793.84	7,579.43	8,617.02	14,981.26
(c) Transportation and loading charges	11,217.42	16,168.75	21,140.25	30,337.45
(d) Power, fuel and water expenses	4,724.03	3,098.93	8,809.80	6,702.41
(e) Consumption of chemicals	214.40	170.16	399.50	333.78
(f) Purchase of equipment and other engineering services charges	2,614.21	244.28	3,493.90	358.55
(g) Employee cost	4,245.67	4,583.64	9,021.43	9,011.52
(h) Depreciation and amortisation expense	5,292.93	5,282.39	10,547.83	11,209.21
(i) Other expenditure	16,629.74	15,168.93	28,811.88	28,126.78
Total	45,694.51	45,943.05	87,147.30	94,691.78
3 Profit from operations before other income, interest and exceptional items (1-2)	15,015.53	17,036.81	32,988.17	47,340.03
4 Other income	535.69	280.87	2,445.71	1,968.16
5 Profit before interest cost and exceptional items (3+4)	15,551.22	17,317.68	35,433.88	49,308.19
6 Interest cost	10,510.08	10,876.10	20,672.27	22,906.39
7 Exceptional items	-	-	-	-
8 Profit from ordinary activities before tax [5-(6+7)]	5,041.14	6,441.58	14,761.61	26,401.80
9 Tax expense	158.33	1,177.98	2,280.98	5,217.97
10 Net profit from ordinary activities after tax (8-9)	4,882.81	5,263.60	12,480.63	21,183.83
11 Extra ordinary items	-	-	-	-
12 Net profit for the period (10-11)	4,882.81	5,263.60	12,480.63	21,183.83
13 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
14 Paid up debt capital [^]	54,500.00	25,500.00	54,500.00	25,500.00
15 Reserves excluding revaluation reserves as at year ended			192,578.04	181,292.11
16 Debenture redemption reserve	3,281.67	1,571.04	3,281.67	1,571.04
17 Net worth (Paid up equity share capital plus Reserves and surplus)	216,378.61	205,092.69	216,378.61	205,092.68
18 Earning per share (in Rs.)	2.05 *	2.21 *	5.24	8.90
19 Debt equity ratio (DER) **	0.90	0.86	0.90	0.86
20 Debt service coverage ratio (DSCR) #	0.98	0.93	0.99	1.18
21 Interest service coverage ratio (ISCR) ##	1.98	2.08	2.22	2.64

[^] 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)

Notes:

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 26 May 2016. The statutory auditors of the Company have carried out an audit of the financial results for year ended 31 March 2016 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.

2. The rating for non-convertible debentures is as under:

Rating Agency	Rating amount (Rs. lacs)	Outstanding amount as at 31 March 2016 (Rs. lacs)	Rating as at 31 March 2016	Rating as at 31 March 2015
CRISIL Limited	30,000.00	29,500.00	A+/Negative	A+/Stable
India Ratings and Research Private Limited	35,000.00	25,000.00	AA-/Stable	-
Total	65,000.00	54,500.00		

3. Following is the information regarding interest and principal payment of non-convertible debentures:

Series of NCDs	Outstanding amount as at 31 March 2016 (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	31-01-2016	30-01-2016	31-07-2016	31-07-2017	2,750.00
Series 2	5,000.00	31-10-2015	31-10-2015	31-10-2016	31-10-2017	2,500.00
Series 3	1,000.00	11-12-2015	11-12-2015	11-12-2016	11-12-2017	500.00
Series 4	3,500.00	20-01-2016	20-01-2016	20-01-2017	20-01-2018	1,750.00
Series 5	1,000.00	28-03-2016	28-03-2016	28-03-2017	28-03-2018	500.00
Series 6	2,500.00	05-06-2015	05-06-2015	05-06-2016	05-06-2018	1,250.00
Series 7	1,000.00	25-06-2015	25-06-2015	25-06-2016	25-06-2018	500.00
Series 8	6,000.00	18-03-2016	18-03-2016	18-03-2017	18-03-2020	6,000.00
Series 9	4,000.00	29-05-2015	29-05-2015	29-05-2016	29-05-2019	2,000.00
Series 10	25,000.00	NA	NA	30-06-2016	31-03-2021	25,000.00
Total	54,500.00					42,750.00

4. The non-convertible debentures are secured by an adequate asset cover except for Rs. 25,000.00 lacs which were subscribed on 31 March 2016 and will be secured within stipulated time as per the terms of Disclosure Document filed with BSE Limited.
5. During the year ended 31 March 2010 and 31 March 2014, the Company had entered into certain transactions amounting to Rs. 103.06 lacs in respect of which prior approval of Central Government has not been obtained and Rs. 119.54 lacs which are in excess of approval obtained from the Central Government, respectively, as envisaged under section 297 of the Companies Act, 1956. During the year, the Company has filed an application to Ministry of Corporate Affairs ('MCA') for compounding of the above matter. The management believes that the outcome of above will not have significant financial impact.
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 year Rs. 2,009.34 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 is 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 a Sole Arbitrator. The Company and the customer have filed its claim and counter claim (including claim towards power generation loss) respectively with the Arbitrator. While, the decision of the Sole Arbitrator is pending, on the basis of contractual terms and its evaluation of the matters raised in consultation with the Company's Counsel, the management believes that final outcome of the litigation will not have significant financial impact and accordingly, no provision is required.

7. The Company has overdue trade receivables balance and security deposit receivable, amounting to Rs. 1,671.38 lacs (previous year Rs. 1,671.38 lacs) and Rs. 25.00 lacs (previous year 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. During the year ended 31 March 2016, the Company has changed the trigger plan date for 270 MW Thermal Power Plant business and 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. 1,769.89 lacs (previous year Rs. 1,519.22 lacs) have been considered for adjustment with deferred tax charge for the year ended 31 March 2016.
9. The figures for the 6 months period ended 31 March 2016 and 6 months period ended 31 March 2015 are balancing figures between the audited figures for the full financial year and the published figures for the respective 6 months periods.
10. Previous period(s) figures have been regrouped / reclassified, wherever necessary to confirm to current period classifications.

For and on behalf of Board of Directors



Rudra Sen Sindhu
Chairman cum Managing Director

Place : Gurgaon
Date : 26 May 2016

