

**CONTENTS**

CORPORATE INFORMATION .....	002
DIRECTORS' REPORT .....	003
SECRETARIAL AUDIT REPORT .....	020
INDEPENDENT AUDITORS' REPORT .....	023
BALANCE SHEET .....	029
STATEMENT OF PROFIT AND LOSS .....	030
CASH FLOW STATEMENT .....	031
NOTES ON FINANCIAL STATEMENT .....	034
NOTICE OF ANNUAL GENERAL MEETING .....	078

## CORPORATE INFORMATION

### CORPORATE INFORMATION

#### BOARD OF DIRECTORS

Maulik Patel  
Kaushal Soparkar  
Karana Patel  
Ankit Patel  
Darshan Patel  
Chinubhai Shah  
Balkrishna Thakkar  
Dr. Arvind Patel  
Ms. Nirali Parikh

#### REGISTERED OFFICE

Plot No.CH1/CH2,  
GIDC Industrial Estate, Dahej  
Tal. Vagara, Dist. Bharuch 392 130  
Gujarat, India.  
**helpdesk@meghmani.com**

#### PLANT LOCATION CHLOR-ALKALI COMPLEX & POWER PLANT

Plot No.CH1/CH2,  
GIDC Industrial Estate, Dahej, Tal. Vagra,  
Dist. Bharuch 392 130. Gujarat, India.  
**helpdesk@meghmani.com**

#### PRINCIPAL BANKERS

- (1) **ICICI Bank Limited**  
JMC House, Opp. Parimal Garden,  
Ambawadi, Ahmedabad 380 009
- (2) **International Finance Corporation**  
2121 Pennsylvania Avenue,  
N.W. Washington D.C. 20433  
United State of America
- (3) **Standard Chartered Bank**  
Ground Floor, Abhijeet II,  
Mithakhali Six Roads,  
Ahmedabad – 380 006

#### AUDITORS

M/s Khandwala & Khandwala,  
Chartered Accountants,  
Hrishikesh, 2nd Floor, Vasantbaug Society,  
Opp: - Water Tank, Gulbai Tekra  
Navarangpura, Ahmedabad-380015.

\*\*\*\*

## DIRECTORS' REPORT

To,

The Members,

Meghmani Finechem Limited

Your Directors have pleasure in presenting Tenth Annual Report and Audited Statement of Accounts of the Company for the Financial Year ended on **31st March, 2017**.

## FINANCIAL RESULTS

(₹ in Lakhs )

PARTICULARS	YEAR ENDED ON 31 <sup>st</sup> MARCH, 2017	YEAR ENDED ON 31 <sup>st</sup> MARCH, 2016
Net Revenue from Operations	39512	39772
Other Income	190	174
<b>Total Revenue</b>	<b>39702</b>	<b>39946</b>
Profit before Finance Cost & Depreciation	<b>14492</b>	<b>15062</b>
Finance Cost	(1445)	(1882)
Depreciation	(5542)	(4405)
<b>Profit Before Tax</b>	<b>7505</b>	<b>8775</b>
Payment & Provision of Current Tax	(1701)	(1905)
Deferred Tax (Expenses)/Income	(1487)	(679)
Mat Credit Entitlement	2336	542
Short/ (Excess) Provision of Tax of earlier years	0	(15)
<b>Profit After Tax</b>	<b>6654</b>	<b>6718</b>
<b>Balance Carried forward</b>	<b>6654</b>	<b>6718</b>

## 1. STATE OF COMPANY'S AFFAIRS

The Company is in the business of manufacturing of Caustic Chlorine and Caustic Potash. The operating results of the Company are given hereunder:-

## 1) PRODUCTION:-

During the year, the Caustic Plant was operated at 82% capacity and Caustic Potash Plant at 44% capacity.

## 2) SALES:-

The Sales Turnover of the Company has decreased by ₹ 260 Lakhs i.e. from ₹ 39772 Lakhs in FY 2016 to ₹ 39512 Lakhs in FY 2017. The decrease in sales is due to lower ECU Prices.

## 3) OTHER INCOME :-

Other Income increased by ₹16 Lakhs from ₹ 174 Lakhs in FY 2016 to ₹ 190 Lakhs in FY 2017. The increase in Other Income is due to Net Gain on Sale of Current Investments and Foreign Currency Transactions.

## 4) EARNING BEFORE DEPRECIATION INTEREST AND TAX (EBDITA):-

EBDITA has decreased by ₹ 570 Lakhs (i.e. 3.78%) to ₹14492 Lakhs during the year 2016-17 from ₹15062 Lakhs in previous year.

## **DIRECTORS' REPORT**

### **5) PROFITABILITY :-**

Profit Before Tax (PBT) has decreased by ₹ 1270 Lakhs. The reasons for decrease in PBT are:-

- (1) Decrease in Production by 9921 MT.
- (2) Decrease in Sales by ₹ 260 Lakhs.
- (3) ECU of the Caustic – Chlorine decreased from ₹ 27972/- to ₹ 26761/-.

### **2. DIVIDEND**

Your Directors have considered it prudent to reinvest the profits into the business of the Company. No final dividend has been recommended for FY 2016-17. The Company has not decided to transfer any amount to Reserve account.

### **3. SHARE CAPITAL**

The paid up Equity Share Capital as on March 31, 2017 was ₹ 7076 Lakhs. During the year under review, the Company has neither issued Equity Shares with differential rights as to dividend, voting or otherwise, nor issued / granted Employee Stock Options or Sweat Equity shares to the employees or directors of the Company under any scheme. No Rights/ Bonus Shares were issued during the year under review.

### **4. CREDIT RATING:-**

The Company has been assigned Long Term Rating CRISIL A – / Positive (Outlook Revised from 'Stable' and Rating Reaffirmed) for its total bank facility of ₹ 1890 Million by CRISIL Limited (Rating Agency) vide its letter GDS12080 / 160269 / BLR/081600617 dated August 17, 2016.

### **5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in "Annexure-A" and is attached to this report.

### **6. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint Venture or Associate Company.

### **7. ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 is Annexed herewith as "Annexure B".

### **8. MEETINGS:- BOARD MEETINGS**

During the year Four Board meetings were convened and held respectively on 10/05/2016, 29/07/2016, 20/10/2016 and 01/02/2017 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.

### **9. AUDIT COMMITTEE MEETING**

The Audit Committee comprises of three members. During the year four Audit Committee meetings were convened and held on 10/05/2016, 29/07/2016, 20/10/2016 and 01/02/2017.

### **10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:-**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### **11. PROJECT :-**

The Company in line with its strategic intent of expanding its chemicals business has considered the proposal pertains to Chloromethane (CMS) plant at an estimated cost of ₹ 14000 Lakhs in its Chemical Complex at Dahej in Gujarat. The basic advantage to set up CMS plant at present complex is availability of ready infrastructure and usage of 41000 Mt Per annum

**DIRECTORS' REPORT**

of Chlorine. This will help MFL in reducing the cost of production of CMS plant and increasing profitability of the Company. The Company expects to achieve Turnover of ₹ 12000 Lakhs in full financial year operation of FY 2018-19.

**12. INSURANCE:-**

The Company's Plant, Property, Equipments and Stocks are adequately insured under the Industrial All Risk Policy (IAR).

The Company also has insurance covers particularly for Product liability and Public liability. The Company has also taken Directors' and Officers' Liability (D & O) Policy to provide coverage against the liabilities arising on them.

**13. RELATED PARTY TRANSACTIONS (RPT):-**

All related party transactions were entered into during the financial year was on an Arm's Length Basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions were placed before the Audit Committee & also the Board for approval. The Company had also taken members' approval at its Annual General Meeting held on 15th July, 2016 for entering into the transactions with Related Parties for the period of 3 (Three) years i.e. from 01/04/2016 to 31/03/2019.

**14. MATERIAL CHANGES AFFECTING FINANCIAL POSITION**

No material changes or any event affecting the financial position has occurred after balance sheet date till the date of the report.

**15. DIRECTORS:-****Directors coming up for retirement by rotation:-**

In accordance with Section 149 (10) of the Companies Act, 2013, Mr. Maulik Patel and Mr. Kaushal Soparkar, Director of the Company are retiring by rotation at this Annual General Meeting and being eligible have offered themselves for re-appointment.

**Independent Directors:-**

In accordance with Section 149 (7) of the Companies Act, 2013, all Independent Director has given written declarations to the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

**Appointment of Woman Director -**

The Company has complied with the requirements Section 149(1) of the Companies Act, 2013 and has appointed Ms. Nirali Parikh as an Independent Woman Director on 20th July, 2015, for a period of 5 (five) years.

**16. KEY MANAGERIAL PERSONNEL (KMP):-**

Pursuant to Section 2 (51) and Section 203 of the Companies Act, 2013 read with Rules framed there under the following persons have been designated as Key Managerial Personnel (KMP) of the Company.

1. Mr. Maulik Patel – CEO
2. Mr. Kamlesh Mehta – Company Secretary
3. Mr. Sanjay Jain – CFO

**17. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation of Internal Control System was observed. As per the relevant provisions of the Companies Act, 2013, the Statutory Auditors have expressed their views on the adequacy of Internal Financial Control in their Audit Report.

## DIRECTORS' REPORT

### 18. FIXED DEPOSITS:-

The Company has not accepted the fixed deposits during the year under report.

### 19. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has formed a Corporate Social Responsibility (CSR), Committee and has identified projects in the areas of Kanya Kelwani Nidhi, Livelihood, Health, Agaria Kalyan Yojana and Vanvasi Kalyan Yojana. These projects are in accordance with Schedule VII of the Companies Act, 2013.

The Company has spent NIL amount towards the CSR activities during Financial Year 2016-17. The CSR amount for the Financial Year 2016-17 works out to ₹ 137.80 Lakhs.

The unspent CSR amount of ₹ 385.50 Lakhs till 31.03.2017 will be spent in the Financial Year 2017-18 and report thereof will be placed in the next Annual report.

### 20. BOARD EVALUATION:-

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

### 21. Remuneration Policy:-

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

At the time of appointment or re-appointment of the Executive Directors (i.e. Executive Chairman/MD/Whole-time Director) they shall be paid such remuneration as may be mutually agreed between the Company and the appointee Executive Directors within the overall limits prescribed under the Companies Act, 2013.

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Nomination and Remuneration Committee shall ensure / consider the following:

The remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance vis-à-vis Key Result Areas (KRAs) / Key Performance Indicators (KPIs), industry benchmark and current compensation trends in the market.

**DIRECTORS' REPORT**

**ALL THE DIRECTORS ON THE BOARD ARE NON EXECUTIVE DIRECTORS AND NOT RECEIVING REMUNERATIONS. INDEPENDENT DIRECTORS ARE RECEIVING ONLY SITTING FEES.**

**22. VIGIL MECHANISM / WHISTLE BLOWER POLICY:-**

The Company has a WHISTLE BLOWER POLICY to deal with instance of unethical behaviour, actual or suspected fraud or violation of Company's code of conduct, if any. The detail of the WHISTLE BLOWER POLICY is posted on the website of the Company.

**23. AUDITORS:-****(A) STATUTORY AUDITORS:-**

M/s. Khandwala & Khandwala, Chartered Accountants, Ahmedabad (Firm Regn. No. 107647W) were appointed as the Statutory Auditors of the Company since Financial Year 2007-08. The present term of their appointment as Statutory Auditors shall expire upon conclusion of 10th Annual General Meeting. Considering the tenure of the existing Statutory Auditors and the provisions of Section 139 of the Companies Act, 2013, your Directors recommend the appointment of M/s SRBC & Co LLP, Chartered Accountants for your approval.

You are, therefore, requested to appoint M/s. of SRBC & Co LLP Chartered Accountants, Ahmedabad (Firm Regn. No. 324982E ) as Statutory Auditors of the Company to hold office from the conclusion of 10th Annual General Meeting (AGM) till the conclusion of 15th AGM i.e. for a period of five years (subject to ratification of the appointment by the Members at every AGM held after this AGM).

The Company has received letter from M/s SRBC & Co LLP Chartered Accountants to the effect of their appointment, if made, would be within prescribed limit under Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit & Auditors) Rules, 2014 and that they are not disqualified for appointment.

**(B) SECRETARIAL AUDITOR:-**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Shahs & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2016-17 is appended to this report.

**© COST-AUDITOR:-**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records maintained by the Company is required to be audited by a Qualified Cost Accountant.

Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Koushalya V Melwani Cost Accountants (Registration number 100497) for the financial year 2016-17 on a remuneration of ₹ 1,00,000/- per annum. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting.

Accordingly, a Resolution seeking Member's approval for the remuneration payable to M/s Koushalya V Melwani, Cost Accountants is included at Item No. 7 of the notice convening the Annual General Meeting.

**24. DIRECTORS' RESPONSIBILITY STATEMENT:-**

To the best of their knowledge and belief and according to the information and explanation obtained the Board hereby submits its responsibility Statement in accordance with the provisions of Section 134(5) of the Companies Act, 2013:—

- a) In the preparation of the annual accounts for the year ended on 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;

## **DIRECTORS' REPORT**

- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2017 and of the profit of the Company for the period ended on 31st March, 2017.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis;
- e) The Directors had laid down internal financial controls and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **25. ACKNOWLEDGMENT:-**

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them.

The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year.

The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

**For and on behalf of the Board**

**Date: 4<sup>th</sup> May, 2017  
Place: Ahmedabad**

**Maulik Patel  
Director  
(DIN-2006947)**

**Kaushal Soparkar  
Director  
(DIN-01998162)**



## ANNEXURE-A

## CONSERVATION OF ENERGY:

A	Energy Conservation measure taken	<ul style="list-style-type: none"> <li>● Adoption of new Technology from (i) JOC-Blue Star- China for conversion of Membrane to Zero Gap</li> <li>● (ii)AKCC, Japan for KOH Plant</li> <li>● Utilization of the Hydrogen as a fuel for Flaking unit.</li> </ul>
B	Additional Investment implemented for reduction in consumption of energy.	<ul style="list-style-type: none"> <li>● Investment of ₹ 1500 Lakhs for conversion of existing membrane to Zero Gap</li> </ul>
C	Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production.	<ul style="list-style-type: none"> <li>● Saving energy unit of 79740 unit/day</li> <li>● Reduction in Cost of Production</li> </ul>
D	Total energy consumption and energy consumption per unit of production.	<ul style="list-style-type: none"> <li>● Total units 371463279 KWH</li> <li>● Total Production 143977 MT Caustic -2621 Unit/MT Potash-1973 Unit/MT</li> </ul>

**FORM A**

**Form for disclosure of particulars with respect to Conservation of Energy  
1st April, 2016 to 31st March, 2017**

Particulars		2016-2017	2015-2016
<b>A. Power Consumption</b>			
1 Electricity Consumption			
(a) Purchased			
Unit	KWH	3228	-
Total Amount	₹	8.16 Lakhs	6.72 Lakhs
Rate/Unit	₹	252.08	-
(b) Own Generation			
Through Diesel Generator			
Unit	KWH	142302	67834
Unit per Liter of Diesel	KWH/Ltr	3.44	2.95
Cost/Unit	₹	16.68/unit	19.25/unit
(c) Through Coal			
Unit-	KWH	422045417	467690830
Unit per of coal	KWH/ Kg of Coal	1.28	1.36
Cost/Unit	₹	2.98/unit	3.12/unit
2 Coal			
Steam Generated	MT	1923584	2073306
Consumption of Coal	MT	334025	347668
Cost of steam per unit (kg)	₹	0.65/unit	0.70/unit
Steam Purchase		-	-
3 Others/internal generations			
		-	-
<b>B Consumption per unit of</b>			
Production in MT		143977	145985
Electricity (₹/ Mt)		14484	15358

## FORM-B

**TECHNOLOGY ABSORPTION:****Form for disclosure of particulars with respect to Technology Absorption****A. Research & Development**

- 1 Specific areas in which R & D is carried out by the Company. : N.A
- 2 Benefits derived as a result of the above R & D. : N.A.
- 3 Future Plan of Action : N.A
- 4 Expenditure on R & D : N.A

**B. Technology Absorption, Adoption and Innovation:**

- A Efforts, in brief, made towards technology absorption, adoption and innovation. : We have absorbed technologies for manufacturing 476 TPD of Caustic Chlorine from AKCC Japan and Caustic Flaking Unit provided by Bertram, Switzerland.  
: We have absorbed technologies for manufacturing 60 TPD of Caustic Potash Lye from AKCC Japan.  
: We have absorbed technologies for manufacturing 60 TPD of Caustic Potash Flakes from JOC-China.
- B Benefits derived as a result of the above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution etc. : Product Development.
- C Imported technology (imported during the last 5years reckoned from the beginning of the financial year). : Caustic Chlorine from AKCC, Japan, Zero Gap conversion from JOC-Blue Star China. Caustic Soda Flakes from Bertram, Switzerland. Caustic Potash Flakes from JOC-China, MSRU from JOC-China.

**Foreign Exchange Earnings and Outgo:**

The particulars with regards to foreign exchange earnings is ₹ 2,467.68 Lakhs and outgo ₹ 6,718.31 Lakhs as on 31st March 2017.

Place: Ahmedabad  
Date : 04<sup>th</sup> May, 2017

For and on behalf of the Board  
(Maulik J Patel)  
Director  
(DIN -2006947 )

**ANNEXURE- B**

**EXTRACT OF ANNUAL RETURN**

(As on the financial year ended 31.03.2017)

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**FORM NO. MGT - 9**

<b>I. Registration and other details</b>					
CIN	U24100GJ2007PLC051717				
Registration Date	11th September, 2007				
Name of the Company	Meghmani Finechem Limited				
Category/Sub-category of the Company	Company having Share Capital				
Address of the Registered Office and contact details	CH/1, CH/2, GIDC Industrial Estate, Dahej, Tal. Vagra, Bharuch Gujarat Ph- 91-79-25831210				
Whether Listed Company	No				
Name, address and contact details of the Registrar and Transfer Agent, if any	Not Applicable				
<b>II. Principal Business Activities of the Company</b>					
<b>All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated.</b>					
Name & Description of main Products/Services	NIC Code of the Product/ Service		% of total turnover of the Company		
Caustic Soda	2411		90.00		
Caustic Potash	2411		10.00		
Others	-		0.00		
<b>III. Particulars of Holding, Subsidiary &amp; Associate Companies</b>					
Sr. No	Name & Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Meghmani Organics Limited	L24110GJ1995PLC024052	Holding	57.16	2(46)

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)										
Category Code	Category Of Share Holder	No. of Shares Held at the beginning of the year			No. of Shares held at the end of the year			% of Change During the year		
		Demat	Physical	Total	% of Total Shares	Demat	Physical		Total	% of Total Shares
(A)	<b>SHAREHOLDING OF PROMOTER &amp; PROMOTER GROUP (2)</b>									
1	<b>INDIAN</b>									
(a)	INDIVIDUAL	-	4,170,873	4,170,873	-	4,170,873	4,170,873	5.89%	-	0.00%
(b)	CENTRAL / STATE GOVERNMENT(S)	-	-	-	-	-	-	-	-	-
(c)	BODIES CORPORATE	-	40,446,820	40,446,820	-	40,446,820	40,446,820	57.16%	-	0.00%
(d)	FINANCIAL INSTITUTIONS / BANKS	-	-	-	-	-	-	-	-	-
(e)	ANY OTHER (SPECIFY)	-	-	-	-	-	-	-	-	-
	DIRECTORS RELATIVES	-	8,476,256	8,476,256	-	8,476,256	8,476,256	11.98%	-	0.00%
	<b>SUB TOTAL : (A) 1</b>	-	<b>53,093,949</b>	<b>53,093,949</b>	-	<b>53,093,949</b>	<b>53,093,949</b>	<b>75.03%</b>	-	<b>0.00%</b>
2	<b>FOREIGN</b>									
(a)	INDIVIDUAL	-	-	-	-	-	-	-	-	-
(b)	BODIES CORPORATE	-	-	-	-	-	-	-	-	-
(c)	INSTITUTIONS	-	-	-	-	-	-	-	-	-
(d)	QUALIFIED FOREIGN INVESTOR CORPORATE	-	-	-	-	-	-	-	-	-
(e)	ANY OTHER	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL : (A) 2</b>	-	-	-	-	-	-	-	-	-
(A)	<b>TOTAL HOLDING FOR PROMOTERS : (A) 1 + (A) 2</b>	-	<b>53,093,949</b>	<b>53,093,949</b>	-	<b>53,093,949</b>	<b>53,093,949</b>	<b>75.03%</b>	-	<b>0.00%</b>

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)												
Category Code	Category Of Share Holder	No. of Shares Held at the beginning of the year			No. of Shares held at the end of the year			% of Change During the year				
		Demat	Physical	Total	Demat	Physical	Total					
(B) 1	PUBLIC SHAREHOLDING (3)	-	-	-	-	-	-	-	-	-	-	
(a)	INSTITUTIONS	-	-	-	-	-	-	-	-	-	-	
(b)	MUTUAL FUNDS / UTI	-	-	-	-	-	-	-	-	-	-	
(c)	FINANCIAL INSTITUTIONS / BANKS	-	-	-	-	-	-	-	-	-	-	
(d)	CENTRAL / STATE GOVERNMENT(S)	-	-	-	-	-	-	-	-	-	-	
(e)	VENTURE CAPITAL FUNDS	-	-	-	-	-	-	-	-	-	-	
(f)	INSURANCE COMPANIES	-	-	-	-	-	-	-	-	-	-	
(g)	FOREIGN INSTUTIONAL INVESTORS	-	-	-	-	-	-	-	-	-	-	
(h)	FOREIGN VENTURE CAPITAL	-	-	-	-	-	-	-	-	-	-	
(i)	QUALIFIED FOREIGN INVESTOR CORPORATE	-	-	-	-	-	-	-	-	-	-	
	ANY OTHER (SPECIFY)	-	-	-	-	-	-	-	-	-	-	
	<b>SUB TOTAL : (B) 1</b>	-	<b>17666050</b>	<b>17666050</b>	-	<b>17666050</b>	<b>17666050</b>	<b>24.97%</b>	<b>24.97%</b>	<b>17666050</b>	<b>24.97%</b>	<b>0.00%</b>
2	<b>NON-INSTITUTIONS</b>	-	-	-	-	-	-	-	-	-	-	-
(a)	BODIES CORPORATE	-	-	-	-	-	-	-	-	-	-	-
(b)	INDIVIDUAL (CAPITAL <= ₹ 1 LAKH)	-	-	-	-	-	-	-	-	-	-	-
(b)	INDIVIDUAL (CAPITAL > ₹ 1 LA)	-	-	-	-	-	-	-	-	-	-	-
(d)	CLEARING MEMBER	-	-	-	-	-	-	-	-	-	-	-
(e)	NON RESIDENT INDIANS (REPAT)	-	-	-	-	-	-	-	-	-	-	-
(f)	NON RESIDENT INDIANS (NON REPAT)	-	-	-	-	-	-	-	-	-	-	-
(g)	FOREIGN COMPANIES	-	-	-	-	-	-	-	-	-	-	-
(h)	OVERSEAS BODIES CORPORATES	-	-	-	-	-	-	-	-	-	-	-
(i)	QUALIFIED FOREIGN INVESTOR CORPORATE	-	-	-	-	-	-	-	-	-	-	-
(j)	TRUSTS	-	-	-	-	-	-	-	-	-	-	-
(k)	ANY OTHERS	-	-	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL : (B) 2</b>	-	-	-	-	-	-	-	-	-	-	-

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)											
Category Code	Category Of Share Holder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% of Change During the year	
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
(B)	TOTAL HOLDING FOR PUBLIC : (B)1 + B(2)	-	17,666,050	17,666,050	24.97%		17,666,050	17,666,050	24.97%	0.00%	
	TOTAL (A)+(B)	-	70,759,999	70,759,999	100.00%		70,759,999	70,759,999	100.00%	0.00%	
(C)	SHARES HELD BY CUSTODIANS AND AGAINST WHICH SINGAPORE DEPOSITORY RECEIPTS HAVE BEEN ISSUED	-	-	-	-	-	-	-	-	-	
1	PROMOTER AND PROMOTER GROUP	-	-	-	-	-	-	-	-	-	
2	PUBLIC	-	-	-	-	-	-	-	-	-	
(C)	SUB TOTAL : (C)	-	-	-	-	-	-	-	-	-	
	GRAND TOTAL (A)+(B)+(C)	-	70,759,999	70,759,999	100.00%		70,759,999	70,759,999	100.00%	-	

**(i) Shareholdings of Promoters**

Shareholders Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change during the year
	No. of shares	% of total shares of the Company	% of total pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of total pledged/ encumbered to total shares	
Jayantibhai Patel	632414	0.89%	-	632414	0.89%	-	0.00
Ashish Soparkar	948563	1.34%	-	948563	1.34%	-	0.00
Natwarlal Patel	977304	1.38%	-	977304	1.38%	-	0.00
Ramesh Patel	632414	0.89%	-	632414	0.89%	-	0.00
Anand Patel	980178	1.39%	-	980178	1.39%	-	0.00

**(ii) Change in Promoter's Shareholding**

Shareholding at the beginning of the year 01.04.2016			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year				
Date wise Increase/ Decrease in Promoters Shareholding during the year with reasons for change	<b>Refer ii) Shareholding of Promoters</b>			
At the end of the year				

**(iii) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDR and ADRs)**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
International Finance Corporation	17666050	25%	17666050	25%
Meghmani Organic Limited	40446820	57%	40446820	57%
Kalpanaben Patel	442609	1%	442609	1%
Disha Patel	344890	0%	344890	0%
Taraben Patel	316150	0%	316150	0%
Kruti Patel	316150	0%	316150	0%
Nayana Soparkar	316150	0%	316150	0%
Vaishakhi Patel	316149	0%	316149	0%



## (iv) Shareholding of Directors and Key Managerial Personnel

For each of Directors and KMP	Shareholding at the beginning of the year 01.04.2016		Cumulative Shareholding at the end of the year 31.03.2017	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Maulik J. Patel	1897012	3.00%	1897012	3.00%
Mr. Kaushal A. Soparkar	1580747	2.00%	1580747	2.00%
Mr. Ankit N. Patel	1609503	2.00%	1609503	2.00%
Mr. Karana R. Patel	505954	1.00%	505954	1.00%
Mr. Darshan A. Patel	94960	0.13%	94960	0.13%
Mr. Balkrishna Thakkar	-	-	-	-
Mr. Chinubhai R. Shah	-	-	-	-
Dr. Arvind K. Patel	-	-	-	-
Ms. Nirali Parikh	-	-	-	-
Mr. Kamlesh D. Mehta	-	-	-	-
Mr. Sanjay Jain	-	-	-	-

## V. Indebtedness

## Indebtedness of the Company Including interest outstanding/accrued but not due for payment (₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	18236.33	-	-	18236.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	124.11	-	-	124.11
<b>Total (i+ii+iii)</b>	<b>18360.44</b>	<b>-</b>	<b>-</b>	<b>18360.44</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	7321.52	-	-	7321.52
<b>Net Change</b>	<b>7321.52</b>	<b>-</b>	<b>-</b>	<b>7321.52</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	10914.81	-	-	10914.81
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	67.87	-	-	67.87
<b>Total (i+ii+iii)</b>	<b>10982.68</b>	<b>-</b>	<b>-</b>	<b>10982.68</b>

**VI. Remuneration of Directors and Key Managerial Personnel**

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

Particulars of Remuneration	NOT APPLICABLE As the Company has not appointed any director as Managing/Wholetime Director					Total Amount (₹ In Lakhs)
	Gross Salary					
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	-	-	-	-	-	-
Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-	-	-	-
Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
Stock Options	-	-	-	-	-	-
Sweat Equity	-	-	-	-	-	-
Commission ( as % of Profit)	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total (A)</b>	-	-	-	-	-	-

**Remuneration to other Non –Executive Independent Directors**

Particulars of Remuneration	Name of Directors				Total Amount (₹ In Lakhs)
	Mr. B T Thakkar	Mr. C. R. Shah	Dr. A. K. Patel	Ms Nirali Parikh	
Fees for attending Board/ Committee Meetings	2.05	2.05	0.65	1.15	5.90
Commission	-	-	-	-	-
Others, Please Specify	-	-	-	-	-
<b>Total (B)</b>	<b>2.05</b>	<b>2.05</b>	<b>0.65</b>	<b>1.15</b>	<b>5.90</b>

**B. Remuneration to Key Managerial Personnel other than MDs/EDs**

Particulars of Remuneration	Key Managerial Personnel (KMP)		Total Amount (₹ In Lakhs)
	Mr. K. D. Mehta Company Secretary (CS)	Mr. Sanjay Jain Chief Financial Officer (CFO)	
Gross Salary			
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	-	21.60	21.60
Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	0.00	0.00
Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
Stock Options	-	-	-
Sweat Equity	-	-	-
Commission ( as % of Profit)	-	-	-
Others	-	-	-
<b>Total (C)</b>	-	<b>21.60</b>	<b>21.60</b>

<b>VII. Penalties/ Punishment/ Compounding of Offences</b>					
Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any
<b>A. Company</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. Other Officers in Defaults</b>					
Penalty			None		
Punishment					
Compounding					

\* \* \* \*

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31.03.2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Meghmani Finechem Limited**  
Plot No.CH/1/CH2,  
GIDC Industrial Estate, Dahej,  
Ta-Vagra, Dist-Bharuch- 392 130

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Meghmani Finechem Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

**We report that-**

- a. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of the financial statement of the Company.
- d. The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2017 ("Audit Period")**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2017** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under (**Not Applicable to the Company during the Audit Period**)
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time; (**Not Applicable to the Company during the Audit Period**);
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time

to time; 2009 (**Not Applicable to the Company during the Audit Period**) ;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**) ;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not Applicable to the Company during the Audit Period**) ;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit Period**) ;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client 2009 (**Not Applicable to the Company during the Audit Period**) ;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**) ; and
  - h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit Period**) ;
6. Other laws specifically applicable to the Company (**As per Annexure-1**)  
We have also examined compliance with the applicable clauses of the followings:-
- i. The Listing Agreements entered into by the Company with Stock Exchanges (**Not Applicable to the Company during the Audit Period**) ;
  - ii. Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (with effect from December, 2015) (**Not Applicable to the Company during the Audit Period**) ;
  - iii. Secretarial Standards (SS-1 & SS-2) issued by the Institute of Company Secretaries of India.

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

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there were no instances of:

1. Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
2. Redemption/Buy Back of Securities.
3. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
4. Merger / Amalgamation / Reconstruction etc.
5. Foreign Technical Collaborations.

Place: Ahmedabad

Date: 4<sup>th</sup> May, 2017

For, SHAHS & ASSOCIATES  
Company Secretaries

(Kaushik Shah)  
Partner

FCS No 2420 CP No 1414

**ANNEXURE - 1**

- (1) ENVIRONMENT PROTECTION ACT, 1986 & OTHER ENVIRONMENTAL LAWS
- (2) THE CENTRAL EXCISE ACT
- (3) INCOME TAX ACT, 1961
- (4) CENTRAL SALES TAX ACT
- (5) VALUE ADDED TAX [VAT] GUJARAT STATE
- (6) PROFESSIONAL TAX
- (7) SERVICE TAX
- (8) NEGOTIABLE INSTRUMENT ACT
- (9) THE FACTORIES ACT, 1948
- (10) THE APPRENTICE ACT, 1961
- (11) THE INDUSTRIAL DISPUTE ACT, 1947
- (12) THE PAYMENT WAGES ACT, 1965
- (13) THE PAYMENT OF BONUS ACT
- (14) THE PAYMENT OF GRATUITY ACT
- (15) THE MINIMUM WAGES ACT, 1946
- (16) THE TRADE UNION ACT, 1926
- (17) THE EMPLOYMENT EXCHANGE ACT 1952
- (18) THE EMPLOYEES PROVIDENT FUND & MISC. PROVISIONS ACT
- (19) INDIAN STAMP ACT
- (20) THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992
- (21) CUSTOMS ACT, 1962

**Place: Ahmedabad**  
**Date: 4<sup>th</sup> May, 2017**

**For, SHAHS & ASSOCIATES**  
**Company Secretaries**

**(Kaushik Shah)**  
**Partner**

**FCS No 2420 CP No 1414**

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEGHMANI FINECHEM LIMITED

### Report on the Financial Statements

We have audited the accompanying Financial Statements of **Meghmani Finechem Limited**, which comprise the **Balance Sheet as at 31st March, 2017 the Statement of Profit and Loss(including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended**, and a summary of the significant accounting policies and other explanatory information.

### 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 with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder including 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 Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 Financial Statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Profit (including Other Comprehensive Income), its Cash Flows and the Changes in Equity for the year ended on that date.

### Other Matter

The financial information of the Company for the year ended 31st March, 2016 and the transition date opening balance sheet as at 1st April 2015 included in these Financial Statements, are based on the previously issued statutory Financial Statements for the years ended 31st March, 2016 and 31st March, 2015 prepared in accordance with the Companies (Accounting Standards)

**INDEPENDENT AUDITORS' REPORT**

Rules, 2006 (as amended) which were audited by us , on which we expressed an unmodified opinion dated 10th May,2016 and 12th May,2015 respectively. The adjustments to those Financial Statements for the differences in accounting principles adopted by the Company on transition have been audited by us.

**Report on Other Legal and Regulatory Requirements**

**As required by 'The Companies (Auditors' Report) Order, 2016'**, issued by the Central government of India in terms of sub section (11) of Section 143 of the Act ( hereinafter referred to as the "Order") and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.

**As required by Section 143(3) of the Act, we report that:**

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss(including Other Comprehensive Income), the Cash Flow Statement 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 A"
- (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 does not have any pending litigations which would impact its financial position.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There is no amount required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in Financial Statement as to holding as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016, on the basis of information available with the Company. Based on audit procedure and relying on management's representation, we report that the disclosures are in accordance with books of accounts maintained by the Company and as produced to us by the Management.

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN 107647W**

**M. M. KHANDWALA  
PARTNER  
M. NO.: 32472**



**INDEPENDENT AUDITORS' REPORT****ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
STANDALONE FINANCIAL STATEMENTS OF MEGHMANI FINECHEM LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the Internal Financial Controls over financial reporting of Meghmani Finechem Limited as of March 31, 2017 in conjunction with our audit of the 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. 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 judgement, 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.

**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**

## **INDEPENDENT AUDITORS' REPORT**

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 March 31, 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.

**PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017**

**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN 107647W  
M. M. KHANDWALA  
PARTNER  
M. NO.: 32472**

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

### Referred to in Paragraph 1 of the Report on Other Legal & Regulatory Requirements of Independent Auditors' Report of Even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report to the extent:

**(i) In respect of its fixed assets:**

- a) The Company has maintained proper records under SAP showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified by the management at reasonable interval. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
  - (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. So clause (a), (b) & (c) are not applicable to the Company.
  - (iv) According to the information and explanations given to us, Company has not provide any loans, investments, guarantees and security as per provision of Section 185 and 186 of Companies Act, 2013. Therefore, the provision of clause 3(iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
  - (v) The Company has not accepted any deposits from the public during the year. Therefore, the provisions of clause 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
  - (vi) The Central Government has prescribed maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended by sub Section (1) of Section 148 of the Companies Act, 2013. We have broadly reviewed the books of accounts maintained by the Company under SAP environment. We are of the opinion that prima facie cost records have been maintained by Company. We have not however made detailed examination of the records with a view to determine whether they are accurate or complete.
  - (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of sales tax including value added tax, employees state insurance, provident fund and income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including service tax, duty of customs and other material statutory dues, as applicable, with the appropriate authorities.

Name of Statue	Nature of Dues	Amount (in ₹ Lakhs )	Period to which the amount relates	Forum where dispute is pending
Service Tax	Service Tax	0.60	2012-2013	Departmental Authorities
		8.97	2011-2012	Departmental Authorities
		20.20	2014-2015	Central Excise Services Tax Appellate Tribunal
		55.27	2015-2016	Central Excise Services Tax Appellate Tribunal
		25.12	2014-2015	Central Excise Services Tax Appellate Tribunal
		25.46	2016-2017	Departmental Authorities
Custom Act	Custom Duty	310.62	2013-2014	Central Excise Services Tax Appellate Tribunal
		311.22	2014-2015	Central Excise Services Tax Appellate Tribunal

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT  
ON THE FINANCIAL STATEMENTS**

- b) According to the information and explanations given to us, the statutory dues which have not been deposited on account disputes are given below:
- (viii) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the Financial Institutions, Banks and Government. The Company has not issued any debentures.
- (ix) The Company has not raised any money through initial public offer or further public offer. In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which those are raised.
- (x) During the course of our examination of books and record of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance or material fraud by the Company or on the Company by its officer or employee noticed or reported during the year, nor have been informed of any such case by the Management.
- (xi) According to the information and explanations given to us, Company only have Non-Executive Directors and not receiving remuneration. Therefore, the provisions of clause (vii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xii) As the Company is not a Nidhi Company and the Nidhi rules, 2014 are not applicable to it, the provisions of clause 3(xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with provision of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statement as required under Ind AS 24, Related Party Disclosure specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review. Therefore, the provisions of clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xv) According to the information and explanations given to us, Company has not entered into any non-cash transactions with directors or person connected with him. Therefore, the provisions of clause 3(xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank Of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN 107647W**

**M. M. KHANDWALA  
PARTNER  
M. NO.: 32472**

**PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017**

## BALANCE SHEET AS AT 31ST MARCH 2017

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016	As at 1 <sup>st</sup> April, 2015
<b>I. ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment	2.1	39,793.60	36,426.03	41,099.72
(b) Capital Work-in-Progress	2.3	309.42	6,948.67	728.66
(c) Other Intangible Assets	2.2	0.04	0.04	21.40
(d) Financial Assets				
(i) Investments	3	0.10	0.10	0.10
(ii) Others Financial Assets	4	452.70	426.68	409.16
(e) Deferred Tax Assets (Net)	5d	522.25	-	-
(f) Other Assets	6	320.94	427.08	527.59
<b>Total Non Current Assets</b>		<b>41,399.05</b>	<b>44,228.60</b>	<b>42,786.63</b>
<b>(2) Current Assets</b>				
(a) Inventories	7	2,815.17	3,668.66	1,905.74
(b) Financial Assets				
(i) Current Investments	8	2,852.70	-	1,760.00
(ii) Trade Receivables	9	4,438.76	4,593.07	4,285.77
(iii) Cash and Cash Equivalents	10	8.56	56.54	67.91
(iv) Loans	11	6.47	3.20	1.40
(v) Other Financial Assets	12	146.31	621.51	1,269.49
(c) Current Tax Assets (Net)	13	111.52	-	68.81
(d) Other Assets	14	970.15	817.77	399.72
<b>Total Current Assets</b>		<b>11,349.64</b>	<b>9,760.75</b>	<b>9,758.84</b>
<b>TOTAL ASSETS</b>		<b>52,748.69</b>	<b>53,989.35</b>	<b>52,545.47</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	15	7,076.00	7,076.00	7,076.00
(b) Other Equity	16	29,096.07	22,438.87	15,689.13
<b>Total Equity</b>		<b>36,172.07</b>	<b>29,514.87</b>	<b>22,765.13</b>
<b>(2) Non Current Liabilities</b>				
(a) Financial Liabilities				
(i) Long Term Borrowings	17	4,472.88	11,342.83	17,732.01
(ii) Other Non-Current Financial Liabilities	18	14.52	88.28	254.03
(b) Provisions	19	36.74	24.96	6.40
(c) Deferred Tax Liabilities (Net)	5d	-	335.59	648.47
<b>Total Non Current Liabilities</b>		<b>4,524.14</b>	<b>11,791.66</b>	<b>18,640.91</b>
<b>(4) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	20	1,501.04	912.45	-
(ii) Trade Payables	21	1,841.19	2,680.29	2,218.67
(iii) Other Financial Liabilities	22	8,282.58	8,656.73	8,649.15
(b) Other Liabilities	23	409.52	247.67	260.89
(c) Provisions	24	8.53	13.47	10.72
(d) Current Tax Liabilities (Net)	25	9.62	172.21	-
<b>Total Current Liabilities</b>		<b>12,052.48</b>	<b>12,682.82</b>	<b>11,139.43</b>
<b>Total Liabilities</b>		<b>16,576.62</b>	<b>24,474.48</b>	<b>29,780.34</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52,748.69</b>	<b>53,989.35</b>	<b>52,545.47</b>
Significant Accounting Policies	1			
Notes forming part of Accounts	2 to 40			

AS PER OUR REPORT OF EVEN DATE  
FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN-107647W

(M. M. KHANDWALA)  
PARTNER  
M. NO.: 32472

SANJAY JAIN  
CHIEF FINANCIAL OFFICER

K D MEHTA  
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

MAULIK PATEL  
DIRECTOR

KAUSHAL SOPARKAR  
DIRECTOR

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017**

(₹ in Lakhs)

PARTICULARS	Note No.	Year Ended on 31st March 2017	Year Ended on 31st March 2016
<b>Revenue</b>			
I. Revenue from Operations (Gross)	26	44,747.30	44,839.58
II. Other Income	27	189.95	174.69
<b>III. Total Income (I+II)</b>		<b>44,937.25</b>	<b>45,014.27</b>
<b>IV. Expenses</b>			
Cost of Materials Consumed	28	17,557.13	17,855.88
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	(286.97)	69.91
Excise Duty on Sales		5,206.51	5,022.77
Employee Benefits Expenses	30	1,422.12	1,195.97
Finance Costs	31	1,444.93	1,882.14
Depreciation and Amortization Expenses	2	5,543.01	4,405.10
Other Expenses	32	6545.88	5807.24
<b>Total Expenses (IV)</b>		<b>37,432.61</b>	<b>36,239.01</b>
<b>V. Profit/(Loss) before Exceptional Items and Tax</b>		<b>7,504.64</b>	<b>8,775.26</b>
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit/(Loss) Before Tax</b>		<b>7,504.64</b>	<b>8,775.26</b>
<b>VIII. Tax Expense:</b>			
1. Current Tax		1,701.00	1,905.00
2. Deferred Tax	5	1,486.65	678.79
3. Adjustment of Tax for Earlier Years		-	15.27
Less: Tax Credit Entitlement (MAT)		(1,175.34)	(541.96)
Less: Tax Credit Entitlement (MAT) of Previous Year		(1,161.66)	-
<b>IX. Profit/(Loss) for the period from Continuing Operations</b>		<b>6,653.99</b>	<b>6,718.16</b>
<b>X. Profit/(Loss) for the period from Discontinued Operations</b>		-	-
<b>XI. Tax Expense of Discontinued Operations</b>		-	-
<b>XII. Profit/(Loss) from Discontinued Operations After Tax</b>		-	-
<b>XIII. Profit/(Loss) for the period</b>		<b>6,653.99</b>	<b>6,718.16</b>
<b>XIV. Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss		(21.61)	(4.09)
(ii) Income Tax related to items that will not be reclassified to Profit or Loss		7.48	1.42
B (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income tax related to items that will be reclassified to Profit or Loss		-	-
		(14.13)	(2.67)
<b>XV. Total Comprehensive Income for the period</b>		<b>6,639.86</b>	<b>6,715.49</b>
<b>XVI. Earnings Per Equity Share (for Continuing Operations)</b>			
1. Basic & Diluted	33	9.40	9.49
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Notes forming part of Accounts</b>	<b>2 to 40</b>		

AS PER OUR REPORT OF EVEN DATE  
FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN-107647W

FOR AND ON BEHALF OF THE BOARD

(M. M. KHANDWALA)  
PARTNER  
M. NO.: 32472

SANJAY JAIN  
CHIEF FINANCIAL OFFICER

MAULIK PATEL  
DIRECTOR

KAUSHAL SOPARKAR  
DIRECTOR

K D MEHTA  
COMPANY SECRETARY

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(₹ in Lakhs )

PARTICULARS	As at 31st March 2017	As at 31 <sup>st</sup> March 2016
<b>A. Cashflow from Operating Activities</b>		
Net Profit Before Tax	7,504.64	8,775.26
<b>Adjustment for :</b>		
Depreciation	5,543.01	4,405.10
Gratuity Expenses reclassified under OCI	(21.61)	(4.09)
Interest and Finance Charges	1,444.93	1,882.14
Interest Income	(24.50)	(30.08)
Mark to Market Loss / (Gain) on Derivative	404.33	129.74
(Profit) / Loss on Sale of Investment	(52.70)	(31.45)
<b>Operating Profit before Exceptional &amp; Extraordinary Item</b>	<b>14,798.10</b>	<b>15,126.62</b>
<b>Extraordinary items</b>	-	-
<b>Operating Profit before Working Capital changes</b>	<b>14,798.10</b>	<b>15,126.62</b>
<b>Adjustment for:</b>		
Inventories	853.49	(1,762.92)
Trade Receivables	154.31	(307.30)
Other Non Current Financial Assets	(5.83)	(4.52)
Other Non Current Assets	106.14	-
Other Current Financial Assets	(32.72)	(27.97)
Other Current Assets	(152.38)	(418.04)
Short Term Loans and Advances	(3.26)	(1.81)
Trade Payables	(839.10)	461.61
Long Term Provision	6.78	18.56
Other Current Financial Liabilities	772.87	946.82
Other Current Liabilities	161.85	(13.22)
Short Term Provisions	0.06	2.75
<b>Sub Total</b>	<b>1,022.21</b>	<b>(1,106.04)</b>
<b>Cash Generated from Operation</b>	<b>15,820.31</b>	<b>14,020.58</b>
Direct Taxes Paid	(1,975.11)	(1,679.25)
<b>Net Cash from Operating Activities</b>	<b>13,845.20</b>	<b>12,341.33</b>
<b>B. Cash flow from Investment Activities</b>		
Purchase of Fixed Assets	(3,492.98)	(5,854.20)
Interest Received	4.30	17.07
Investment in Mutual Fund	(2,800.00)	-
<b>Net Cash Used in Investment Activities</b>	<b>(6,288.68)</b>	<b>(5,837.13)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017**

(₹ in Lakhs )

<b>PARTICULARS</b>	<b>As at 31st March 2017</b>	<b>As at 31<sup>st</sup> March 2016</b>
<b>C. Cash flow from Financing Activities</b>		
Interest and Finance Charges Paid	(1,417.99)	(2,202.73)
Repayment of Term Loan (from Indian Banks)	(3,882.72)	(3,222.42)
Repayment of Borrowing (ECB Loan)	(2,892.39)	(3,791.63)
Increase/(Decrease) in Bank Borrowing	588.59	912.45
<b>Net Cash Used in Financing Activities</b>	<b>(7,604.51)</b>	<b>(8,304.33)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalent</b>	<b>(47.99)</b>	<b>(1,800.13)</b>
<b>Cash on Hand -Opening Balance</b>	<b>56.54</b>	<b>67.91</b>
<b>Cash on Hand -Closing Balance</b>	<b>8.56</b>	<b>56.54</b>
Cash on Hand	1.08	1.27
Balance with Schedule Banks in Current Accounts	7.48	55.27
<b>Total Cash &amp; Bank Balance as per Balance Sheet</b>	<b>8.56</b>	<b>56.54</b>

**Notes to the Cash Flow Statement for the year ended on 31.03.2017**

(1) Figures in brackets indicate cash outflow.

(2) The previous year figures have been regrouped/restated wherever necessary to conform to this year's classification.

**AS PER OUR REPORT OF EVEN DATE  
FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN-107647W**

**(M. M. KHANDWALA)  
PARTNER  
M. NO.: 32472**

**SANJAY JAIN  
CHIEF FINANCIAL OFFICER**

**K D MEHTA  
COMPANY SECRETARY**

**FOR AND ON BEHALF OF THE BOARD**

**MAULIK PATEL  
DIRECTOR**

**KAUSHAL SOPARKAR  
DIRECTOR**

**PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017**

**PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017**



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 st MARCH 2017 (₹ in Lakhs)

(a) Equity Share Capital	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016		As at 1 <sup>st</sup> April, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	7,07,59,999	7,076.00	7,07,59,999	7,076.00	7,07,59,999	7,076.00
Changes in equity share capital during the year	-	-	-	-	-	-
Balance at the end of the reporting period	7,07,59,999	7,076.00	7,07,59,999	7,076.00	7,07,59,999	7,076.00
<b>(b) Other Equity</b>	<b>Attributable to the Equity holders</b>					
<b>Particulars</b>	<b>Reserves &amp; Surplus</b>			<b>Retained Earnings</b>	<b>Total Equity</b>	
	<b>Reserve on account of Non Cash Contribution from Share Holder</b>	<b>Share Premium Reserve</b>				
<b>Balance at 1st April, 2015</b>	-	14,142.00	-	1,547.13	15,689.13	
Profit for the year	-	-	-	6,718.16	6,718.16	
Other Comprehensive Income for the year	-	-	-	(2.67)	(2.67)	
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>6,715.49</b>	<b>6,715.49</b>	
Cash Dividends	-	-	-	-	-	
Dividend Distribution Tax (DDT)	-	-	-	-	-	
Addition : Reserve on account of Non Cash Contribution from Share holder	34.24	-	-	-	34.24	
<b>Balance at 31st March, 2016</b>	<b>34.24</b>	<b>14,142.00</b>	<b>8,262.63</b>	<b>22,438.87</b>	<b>22,438.87</b>	
Profit for the year	-	-	-	6,653.99	6,653.99	
Other Comprehensive Income for the year	-	-	-	(14.13)	(14.13)	
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>6,639.86</b>	<b>6,639.86</b>	
Cash Dividends	-	-	-	-	-	
Dividend Distribution Tax (DDT)	-	-	-	-	-	
Addition : Reserve on account of Non Cash Contribution from Share holder	17.35	-	-	-	17.35	
<b>Balance at 31st March, 2017</b>	<b>51.59</b>	<b>14,142.00</b>	<b>14,902.48</b>	<b>29,096.07</b>	<b>29,096.07</b>	

AS PER OUR REPORT OF EVEN DATE  
FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN-107647W

(M. M. KHANDWALA)  
PARTNER  
M. NO.: 32472

SANJAY JAIN  
CHIEF FINANCIAL OFFICER

K D MEHTA  
COMPANY SECRETARY

MAULIK PATEL  
DIRECTOR

KAUSHAL SOPARKAR  
DIRECTOR

FOR AND ON BEHALF OF THE BOARD

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

## **NOTES OF FINANCIAL STATEMENT**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **BACKGROUND**

Meghmani Finechem Limited (the Company) is a Public Company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. Its registered office at Plot No.CH1,CH2, GIDC Industrial Estate, Dahej, Tal. Vagara, Dist. Bharuch 392 130 Gujarat, India.. The Company is engaged in manufacturing and selling of Basic Chemicals.

#### **1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **1.1 BASIS FOR PREPARATION OF ACCOUNTS**

###### **a) Statement of compliance with Ind AS**

The Standalone Financial Statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial Statements for the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These Financial Statements for the year ended 31st March 2017 are the first Financial Statements of the Company under Ind AS. The date of transition to Ind AS is 1st April, 2015. Refer Note 41 for an explanation of how the transition from Indian GAAP (IGAAP) to Ind AS has affected the Company's financial position, financial performance and cash flows.

###### **b) Current versus Non-Current classification**

All assets and liabilities have been classified as current or non current as per the company's normal operating cycle i.e. twelve months and other criteria set out in the schedule III to the act.

###### **c) Historical cost convention**

The financial statements are prepared on accrual basis of accounting under historical cost convention in Accordance with Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 2013 including Indian Accounting Standards notified there under, except for the following:

- Certain financial assets and liabilities (including derivative instrument) measured at fair value;
- Defined benefit plans - plan assets measured at fair value

##### **1.2 USE OF ESTIMATES**

The presentation of the Financial Statements are in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

## NOTES OF FINANCIAL STATEMENT

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 5 - Current/Deferred Tax Expense

Note 34 - Measurement of Defined Benefit Obligations

Note 37 - Provisions and Contingencies

### 1.3 REVENUE RECOGNITION

#### a) 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 and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts and volume rebates. It includes excise duty and subsidy and excludes value added tax/ sales tax.

#### b) Export Benefits

- i. Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.
- ii. Focus Market License, Focus Product license and Merchandise Exports from India Scheme (MEIS) income is recognised on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales. Duty free imports of material under Advance License matched with the export made against the said licenses

#### c) Dividend

Dividend income is recognised when the right to receive the same is established, which is generally when shareholders approve the dividend.

#### d) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that these is no uncertainty in receiving the claims.

### 1.4 FOREIGN CURRENCY TRANSACTIONS

#### Functional and Presentation Currency

The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency

#### Transactions and Balances

- (i) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balance are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the Profit and Loss Account.
- (ii) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Company enters into forward contracts. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expenses for the year.
- (iii) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).
- (iv) Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

## NOTES OF FINANCIAL STATEMENT

### 1.5 PROPERTY, PLANT AND EQUIPMENTS

#### TANGIBLE ASSETS

- (i) Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of Property, Plant and Equipment.
- (ii) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- (iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- (iv) An item of Property, Plant or Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.
- (v) Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the Financial Statements. Any expected loss is recognized immediately in the Statement of Profit and Loss.
- (vi) The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss for the relevant financial year.
- (vii) Capital work in progress include expenditure directly related to construction and incidental thereto. The same is transferred or allocated to respective item Property, Plant, and Equipment on commissioning of the Project.

#### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at 1 April 2015 measured as per the IGAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment. Hence regarded thereafter as historical cost.

### 1.6 INTANGIBLE ASSETS

#### Intangible assets Acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### Internally-generated Intangible Assets - Research and Development Expenditure

Assessment of whether an internally generated intangible asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure during the development phase is recognized as an intangible asset under development on fulfillment of following conditions:-

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and to use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;

## NOTES OF FINANCIAL STATEMENT

- The availability of adequate technical, financial and other resources to complete the development
- And to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in Statement of Profit or Loss in the period in which it is incurred.

### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of Profit or Loss when the asset is derecognized.

### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 measured as per the IGAAP and use that carrying value as the deemed cost of the intangible assets.

## 1.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## 1.8 DEPRECIATION AND AMORTISATION

Depreciation is calculated to systematically allocate the cost of Property, Plant and Equipment and Intangible Asset net of the estimated residual values over the estimated useful life. Freehold Land is not depreciated. Depreciation is computed using Straight Line Method (SLM) over the useful lives of the assets as specified in Schedule II to the Companies Act, 2013, except for Plant and Machinery pertaining to Power Generating Units which are based on independent technical evaluation, life has been estimated as 20 years (on single shift basis) which is different from that prescribed in Schedule II of the Act.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Useful lives of the items of Property, Plant and Equipment are as follows:

Asset	Estimated Useful Life
Leasehold Land	99 years
Building	30 years
Plant & Machinery	15 years
Power Generating Units	20 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers	3 years
Other equipment	5 years

## NOTES OF FINANCIAL STATEMENT

Intangible assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the company for its intended use. The useful life so determined is as follows:

Assets	Amortisation period
Software licenses	5 years
Product licenses	5 years
Usage rights	5 years

Depreciation on items of Property, Plant and Equipment acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.

Depreciation is not provided on Freehold Land. Leasehold land is amortized over the available balance lease period.

### 1.9 NON-DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### (a) Cash and Cash Equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### (b) Financial Assets at Amortised cost

Financial assets are subsequently measured at Amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### (c) Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at Fair Value Through Other Comprehensive Income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in Other Comprehensive Income.

#### (d) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are measured at Fair Value Through Profit or Loss unless it is measured at Amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in Profit & Loss Account.

#### (e) Financial Liabilities

Financial liabilities are measured at Amortised cost using the effective interest method.

#### (f) Equity Investment

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other

**NOTES OF FINANCIAL STATEMENT**

comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

**(g) Loan and Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in Statement of Profit & Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

**(h) Trade and Other Payables**

These amounts represent liability for good and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and Other Payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**(i) Derivatives and Hedging Activities**

The Company uses derivative financial instruments, to hedge its interest rate and foreign currency risk. Such derivative financial instruments are initially recognised at fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Any gains or losses arising from changes in fair value of derivatives are taken directly to Statement of Profit & Loss.

The fair values of all such derivative financial instruments are recognized as assets or liabilities at the Balance Sheet date. Such derivative financial instruments are used as risk management tools only and not for speculative purposes.

Accordingly, the resultant gains and losses on fair valuation/ settlement of the derivative contracts covered under Ind AS 109 are recognized in the Statement of Profit and Loss or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the cash flow hedge is effective, the gains or losses are recognized in the "Hedge Reserve" which forms part of "Other Equity" in the Balance Sheet, while the same is recognized in the Statement of Profit and Loss where the hedge is ineffective. The amount recognized in the "Hedge Reserve" is transferred to the Statement of Profit and Loss in the period in which the underlying hedged item affects the Statement of Profit and Loss.

For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized as the Profit or Loss till the period the relationship is found to be effective. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in Profit and Loss.

If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through Profit and Loss.

**(j) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(k) Investments in subsidiaries**

A subsidiary is an entity that is controlled by the Company.

The Company accounts for the each category of investments in subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements.



## **NOTES OF FINANCIAL STATEMENT**

### **(l) Derivative financial instruments**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/ (losses).

### **(m) Impairment**

Financial assets (other than at fair value)

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

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **1.10 INVENTORIES**

Inventories are stated at the lower of cost and net realizable value.

Cost of Raw Material is determined on a monthly moving weighted average basis.

Stores and Consumables are valued at cost (net of CENVAT) or net realizable value whichever is lower.

Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition and excise duty payable on finished goods.

For finished goods of Special Economic Zone (SEZs) where prima facie finished goods of SEZs are meant for export and no excise duty is leviable, therefore no excise duty is added in finished goods valuation. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in Progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs, manufacturing overheads and depreciation.

### **1.11 BORROWING COSTS**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. Such capitalisation is done only when it is probable that the asset will result in future economic benefits and the costs can be measured reliably. Capitalisation of borrowing costs commences when all the following conditions are satisfied:

- (i) Expenditure for the acquisition, construction or production of a qualifying asset is being incurred;
- (ii) Borrowing costs are being incurred; and
- (iii) Activities that are necessary to prepare the asset for its intended use are in progress.

A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost is suspended when active development is interrupted.

### **1.12 EMPLOYEE BENEFITS**

#### **i. Short term employee benefit obligations**

Liabilities for wages, salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are to be settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### **ii. Other long term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the



## NOTES OF FINANCIAL STATEMENT

period in which employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yield at the end of reporting period that have terms approximating to the terms of related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the Company does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

### iii. Post-employment obligations

The Company operates the following post-employment schemes:

- A. Defined benefit plans such as gratuity; and
- B. Defined contribution plan such as provident fund

#### **Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in present value of the defined benefit obligation resulting from plan amendment or curtailments are recognised immediately in profit or loss as past service cost.

#### **Defined contribution plans**

The Company pays provident fund contributions to publicly administered funds as per the local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

### **1.13 EXCISE DUTY**

Excise duty (including Education Cess) on Finished Goods are shown separately in Manufacturing and Other Expenses and included in the valuation of finished goods.

### **1.14 CENVAT**

CENVAT Credit of raw materials and other consumables is accounted at the time of purchase and the same is being adjusted to the cost of raw materials and other consumables.

### **1.15 ACCOUNTING FOR TAXES ON INCOME**

#### **Income taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

## NOTES OF FINANCIAL STATEMENT

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period i.e. as per the provisions of the Income Tax Act, 1961, as amended from time to time. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

### Deferred taxes

Deferred tax is provided in full on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in standalone financial statements. Deferred tax amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Any tax credit including MAT credit available is recognised as deferred tax to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. The said asset is created by way of credit to the Statement of Profit and Loss and shown under the head deferred tax asset.

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 re-assessed 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.

### 1.16 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate

## NOTES OF FINANCIAL STATEMENT

that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liability is disclosed in the case of:

- A. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- B. A present obligation arising from the past events, when no reliable estimate is possible;
- C. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not provided for and if material, are disclosed by way of notes to accounts. Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

### 1.17 LEASES

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

#### (i) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognised in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

#### (ii) Finance Lease:

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

### 1.18 EARNING PER SHARE

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the company's earnings per share is the net profit for the period after deducting preference dividends, if any, and any attributable distribution tax thereto for the period.

#### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

## NOTES OF FINANCIAL STATEMENT

### 1.19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and deposits with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 1.20 STATEMENT OF CASH FLOWS

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

### 1.21 DIVIDEND

The Company recognises a liability for dividends to equity holders of the Company when the dividend is authorised and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 1.22 ROUNDING OFF

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated

### 1.23 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM)

### 1.24 EVENTS OCCURRING AFTER THE REPORTING DATE

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report.

### 1.25 EXCEPTIONAL ITEMS

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

## NOTES TO THE FINANCIAL STATEMENT

## 2 PROPERTY PLANT AND EQUIPMENT AS ON 31st MARCH 2017

Description	Gross Block			Depreciation / Amortisation			Net Block			
	Opening	Addition	Deduction / Adjustment	Closing	Opening	For the Year	Deduction / Adjustment	Closing	31st March, 2017	31st March, 2016
<b>2.1 TANGIBLE ASSET</b>										
Lease Hold Land	1,189.21	-	-	1,189.21	13.07	13.07	-	26.14	1,163.07	1,176.14
Building	9,052.84	1,048.88	-	10,101.72	436.01	468.81	-	904.82	9,196.90	8,616.83
Plant & Machineries Equipment	18,792.29	8,022.40	47.93	26,766.76	3,306.96	4,449.47	-	7,756.43	19,010.33	15,485.33
Captive Power Plant & Equipments	11,652.68	99.00	432.65	11,319.03	602.84	581.48	-	1,184.32	10,134.71	11,049.84
Furnitures & Fixtures	46.08	212.80	-	258.88	10.26	13.93	-	24.19	234.69	35.82
Office Equipments	15.04	4.23	-	19.27	3.26	4.17	-	7.43	11.84	11.78
Vehicles	49.70	-	-	49.70	8.21	7.82	-	16.03	33.67	41.49
Computers & Printers	11.95	3.86	-	15.81	3.15	4.27	-	7.42	8.39	8.80
<b>TOTAL (A)</b>	<b>40,809.79</b>	<b>9,391.17</b>	<b>480.58</b>	<b>49,720.38</b>	<b>4,383.76</b>	<b>5,543.01</b>	-	<b>9,926.78</b>	<b>39,793.60</b>	<b>36,426.03</b>
<b>2.2 INTANGIBLE ASSET</b>										
GIDC Usage Rights	21.40	-	-	21.40	21.36	-	-	21.36	0.04	0.04
<b>TOTAL (B)</b>	<b>21.40</b>	<b>-</b>	<b>-</b>	<b>21.40</b>	<b>21.36</b>	<b>-</b>	<b>-</b>	<b>21.36</b>	<b>0.04</b>	<b>0.04</b>
<b>TOTAL (A+B)</b>	<b>40,831.19</b>	<b>9,391.17</b>	<b>480.56</b>	<b>49,741.78</b>	<b>4,405.12</b>	<b>5,543.01</b>	-	<b>9,948.14</b>	<b>39,793.64</b>	<b>36,426.07</b>
<b>2.3 CAPITAL WORK IN PROGRESS</b>										
Capital work in Progress	6,387.10	2,535.46	8,685.18	237.38	-	-	-	-	237.38	6,387.10
Expenditure Incurred During Construction Period	561.58	207.80	697.34	72.04	-	-	-	-	72.04	561.57
<b>TOTAL (C)</b>	<b>6,948.68</b>	<b>2,743.26</b>	<b>9,382.52</b>	<b>309.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309.42</b>	<b>6,948.67</b>
<b>Total (A+B+C)</b>	<b>47,779.87</b>	<b>12,134.43</b>	<b>9,863.08</b>	<b>50,051.20</b>	<b>4,405.12</b>	<b>5,543.01</b>	-	<b>9,948.14</b>	<b>40,103.06</b>	<b>43,374.74</b>
<b>Previous Year</b>	<b>41,849.78</b>	<b>5,936.74</b>	<b>6.67</b>	<b>47,779.85</b>	<b>-</b>	<b>4,405.10</b>	-	<b>4,405.10</b>	<b>43,374.74</b>	<b>41,849.78</b>

## Notes:

- (1) During the Current Year exchange gain of ₹ 480.57 Lakhs (Previous Year exchange gain of ₹ 323.97 Lakhs) arising on reporting of long term foreign currency monetary item related to fixed assets has been added/deducted to cost of fixed asset and the unamortised balance carried as part of tangible asset as at the year end aggregate to (₹243.51 Lakhs) (Previous Year ₹ 563.80 Lakhs), in view of option given in para D13AA of IndAS 101 on first time adoption of IndAS.
- (2) Borrowing cost capitalised during the Year ₹ NIL/- (Previous Year: ₹ 367.40 Lakhs) to respective qualifying assets.

**NOTES TO THE FINANCIAL STATEMENT**

**2 PROPERTY PLANT AND EQUIPMENT AS ON 31ST MARCH 2016**

(₹ in Lakhs)

Description	Gross Block		Depreciation / Amortisation		Net Block			
	Opening	Addition / Deduction / Adjustment	Closing	For the Year	Deduction / Adjustment	Closing	31st March, 2016	1st April, 2015
<b>2.1 TANGIBLE ASSET</b>								
Lease Hold Land	1,189.21	-	1,189.21	-	-	13.07	1,176.14	1,189.21
Building	9,045.67	7.18	9,052.84	-	-	436.00	8,616.84	9,045.67
Plant & Machineries	18,491.47	300.82	18,792.29	-	-	3,306.96	15,485.33	18,491.47
Equipment								
Captive Power Plant & Equipments	12,256.97	(604.30)	11,652.68	-	-	602.84	11,049.83	12,256.97
Furnitures & Fixtures	41.85	4.22	46.08	-	-	10.26	35.82	41.85
Office Equipments	12.18	2.86	15.04	-	-	3.26	11.78	12.18
Vehicles	55.95	-	49.70	-	-	8.21	41.49	55.95
Computers & Printers	6.43	5.52	11.95	-	-	3.15	8.80	6.43
<b>TOTAL (A)</b>	<b>41,099.73</b>	<b>(283.69)</b>	<b>40,809.79</b>	<b>4,383.74</b>	<b>-</b>	<b>4,383.76</b>	<b>36,426.03</b>	<b>41,099.72</b>
<b>2.2 INTANGIBLE ASSET</b>								
GLDC Usage Rights	21.40	-	21.40	-	-	21.36	0.04	21.40
<b>TOTAL (B)</b>	<b>21.40</b>	<b>-</b>	<b>21.40</b>	<b>21.36</b>	<b>-</b>	<b>21.36</b>	<b>0.04</b>	<b>21.40</b>
<b>TOTAL (A+B)</b>	<b>41,121.13</b>	<b>(283.69)</b>	<b>40,831.19</b>	<b>4,405.10</b>	<b>-</b>	<b>4,405.12</b>	<b>36,426.07</b>	<b>41,121.12</b>
Previous Year	54,001.52	1,086.63	55,052.61	4,938.56	(14.65)	22,395.85	32,656.75	36,529.58
<b>2.3 CAPITAL WORK IN PROGRESS</b>								
Capital work in Progress	579.57	5,807.95	6,387.10	-	-	-	6,387.10	579.57
Expenditure Incurred During Construction Period	149.09	412.48	561.57	-	-	-	561.57	149.09
<b>TOTAL (C)</b>	<b>728.66</b>	<b>6,220.43</b>	<b>6,948.67</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,948.67</b>	<b>728.66</b>
<b>Total (A+B+C)</b>	<b>41,849.79</b>	<b>5,936.74</b>	<b>47,779.86</b>	<b>4,405.10</b>	<b>-</b>	<b>4,405.12</b>	<b>43,374.74</b>	<b>41,849.78</b>

## NOTES TO THE FINANCIAL STATEMENT

## 2A Property Plant &amp; Equipment - break up as on 1st April 2015

(₹ in Lakhs)

PARTICULARS	Gross Value	Depreciation Fund	Net Value
<b>Tangible Assets</b>			
Leasehold Land	1,291.22	102.01	1,189.21
Buildings	10,517.30	1,471.63	9,045.67
Plant & Machinery	36,671.29	18,179.82	18,491.47
Captive Power Plant & Machinery	17,336.50	5,079.54	12,256.97
Furniture & Fixtures	72.15	30.30	41.85
Vehicles	73.66	17.71	55.95
Other Equipments	87.45	68.84	18.61
<b>Sub Total - A</b>	<b>66,049.58</b>	<b>24,949.86</b>	<b>41,099.72</b>
<b>Intangible Assets</b>	-	-	-
GIDC Infrastructure Usage Right & Other	1,691.70	1,670.29	21.40
<b>Sub Total - B</b>	<b>1,691.70</b>	<b>1,670.29</b>	<b>21.40</b>
<b>Total - A + B</b>	<b>67,741.28</b>	<b>26,620.16</b>	<b>41,121.12</b>
Capital work in Progress	579.57	-	579.57
Expenditure Incurred during Construction Period	149.09	-	149.09
<b>Total</b>	<b>68,469.94</b>	<b>26,620.16</b>	<b>41,849.78</b>

- i The Company has availed deemed cost exemption in relation to Property Plant and Equipment on the date of transition i.e. 1st April 2015 and hence net block carrying amount has been considered as the gross block carrying amount on that date. Refer note 2A for the gross book value and accumulated depreciation as on 1st April 2015 under Previous GAAP.
- ii The management has technically reviewed the estimated useful life of Plant and Machinery related to Power Generating unit 20 years which is different from those prescribed under part C of schedule II to the Companies Act 2013.

## 3 Non-Current Investments

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Investment carried at Amortised cost</b>			
NSC Deposit - Unquoted	0.10	0.10	0.10
<b>Total</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>
<b>Aggregate Value Of Unquoted Investments</b>			
Non Current	0.10	0.10	0.10
Current	-	-	-

## 4 Other Non-Current Financial Assets

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Security Deposits	152.38	147.92	150.03
Term Deposit as Margin Money With Schedule Bank	300.32	278.76	259.13
<b>Total</b>	<b>452.70</b>	<b>426.68</b>	<b>409.16</b>

Term Deposit held as Margin Money that are restricted to use for more than 12 months from the Balance Sheet date have been classified as Other Non Current Financial Assets.

**NOTES TO THE FINANCIAL STATEMENT**

**5 Tax Expense**

**(a) Amounts recognised in Profit and Loss Statement**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>For the year ended 31st March, 2017</b>	<b>For the year ended 31st March, 2016</b>
Current income Tax	1,701.00	1,905.00
Short provision of Income Tax in respect of earlier years	-	15.27
Deferred Income Tax Liability / (Asset), Net		
Origination and Reversal of Temporary Differences	1,486.65	678.79
Reduction in Tax Rate		
Recognition of Tax Credit (MAT Credit Entitlement)	(2,337.00)	(541.96)
<b>Tax Expense for the Year</b>	<b>850.65</b>	<b>2,057.10</b>

**(b) Amounts recognised in Other Comprehensive Income**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>For the year ended 31st March, 2017</b>			<b>For the year ended 31st March, 2016</b>		
	<b>Before Tax</b>	<b>Tax/ (Expense) benefit</b>	<b>Net of Tax</b>	<b>Before Tax</b>	<b>Tax/ (Expense) benefit</b>	<b>Net of Tax</b>
<b>Items that will not be reclassified to Profit or Loss</b>						
Remeasurements of the Defined Benefit Plans	(21.61)	7.48	(14.13)	(4.09)	1.42	(2.67)
<b>Items that will be reclassified to Profit or Loss</b>	-	-	-	-	-	-
<b>Total</b>	<b>(21.61)</b>	<b>7.48</b>	<b>(14.13)</b>	<b>(4.09)</b>	<b>1.42</b>	<b>(2.67)</b>



## NOTES TO THE FINANCIAL STATEMENT

## (c) Reconciliation of Effective Tax Rate

(₹ in Lakhs)

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
<b>Profit Before Tax</b>	<b>7,504.63</b>	<b>8,775.27</b>
Tax Rate	<b>34.61%</b>	<b>34.61%</b>
Tax Amount	2,597.20	3,036.95
<b>Non-deductible Tax Expenses</b>		
Excess Depreciation Disallowed	1,918.32	1,524.52
Donation	0.22	10.94
Loss on Sale of Fixed Assets	-	0.85
Disallowance u/s - 43B	28.69	25.12
Gratuity	14.83	6.91
Leave Encashment	2.67	6.39
Other	18.10	69.82
Provision for Interest-Small, Micro & Medium Enterprise	0.66	1.70
<b>Deductible Tax Expenditure</b>		
Depreciation as per I Tax Act, 1961	(2,055.48)	(1,352.14)
Allowance u/s - 43B	(25.12)	(27.28)
Income not chargeable to Tax	(35.84)	(37.10)
Profit on Sale of Investment	-	(16.74)
Investment Allowance u/s 32 AC	(456.39)	-
<b>Others</b>		
Profit deductible u/s 80 IA	(1,642.94)	(959.73)
Unabsorbed Depreciation A.Y.15-16	-	(982.57)
Adjustment for Tax of Prior Periods	-	15.27
Unrecognised MAT Credit Entitlement of Previous Year	(1,161.66)	-
Deferred Tax Liability on Fixed Assets	1,647.39	729.92
Profit on sale of Investment taxed at different rate	-	4.27
<b>Total</b>	<b>850.65</b>	<b>2,057.10</b>

The Company's consolidated weighted average tax rates for the years ended March 31, 2017 and 2016 were 11% and 23%, respectively. Income Tax expense was ₹ 850.65 Lakhs for the year ended March 31, 2017, as compared to Income Tax expense of ₹ 2,057.10 Lakhs for the year ended March 31, 2016.

**NOTES TO THE FINANCIAL STATEMENT**

**(d) Movement in Deferred Tax Balances (₹ in Lakhs)**

	Net balance 1st April, 2016	Recognised Profit or Loss	Recognised in OCI	Other	31st March, 2017		
					Net	Deferred Tax Asset	Deferred Tax Liability
<b>Deferred Tax Asset</b>							
Property, Plant and Equipment	(2,451.63)	(1,665.35)	-	-	(4,116.98)	-	(4,116.98)
M2M Gain on Derivative	(205.41)	175.78	-	-	(29.63)	-	(29.63)
Loans and Borrowings	(53.87)	22.78	-	-	(31.08)	13.50	(44.58)
Employee Benefits	31.51	(7.63)	7.48	-	31.36	31.36	-
Investment	11.85	(12.23)	-	-	(0.38)	17.86	(18.24)
Tax Credit (MAT)	2,331.96	-	-	2,337.00	4,668.96	4,668.96	-
<b>Tax Assets / (Liabilities)</b>	<b>(335.59)</b>	<b>(1,486.65)</b>	<b>7.48</b>	<b>2,337.00</b>	<b>522.25</b>	<b>4,731.68</b>	<b>(4,209.43)</b>
Set off tax							4,731.68
<b>Net Tax Assets (Liabilities)</b>							<b>522.25</b>

**(e) Movement in Deferred Tax Balances (₹ in Lakhs)**

	Net balance 1st April, 2015	Recognised Profit or Loss	Recognised in OCI	Other	31st March, 2016		
					Net	Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	(1,937.65)	(513.98)	-	-	(2,451.63)	-	(2,451.63)
M2M Gain on Derivative	(439.35)	233.94	-	-	(205.41)	-	(205.41)
Loans and Borrowings	(76.65)	22.78	-	-	(53.87)	8.83	(62.70)
Employee Benefits	24.14	5.96	1.42	-	31.51	31.51	-
Investment	(8.96)	20.81	-	-	11.85	11.85	-
Others	-	(448.30)	-	448.30	-	-	-
Tax Credit (MAT)	1,790.00	-	-	541.96	2,331.96	2,331.96	-
<b>Tax Assets / (Liabilities)</b>	<b>(648.47)</b>	<b>(678.79)</b>	<b>1.42</b>	<b>990.26</b>	<b>(335.59)</b>	<b>2,384.15</b>	<b>(2,719.73)</b>
Set off Tax							2,384.15
<b>Net Tax Assets / (Liabilities)</b>							<b>(335.59)</b>

**6 Other Non-Current Assets (₹ in Lakhs)**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Capital Advances	320.94	427.08	527.59
<b>Total</b>	<b>320.94</b>	<b>427.08</b>	<b>527.59</b>

**7 Inventories (₹ in Lakhs)**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw Materials	1,094.30	2,247.48	632.77
Finished Goods	532.71	245.74	315.65
Consumable Stores and Spares	1,168.25	1,158.35	947.22
Others (Packing Materials)	19.91	17.10	10.10
<b>Total</b>	<b>2,815.17</b>	<b>3,668.66</b>	<b>1,905.74</b>

## NOTES TO THE FINANCIAL STATEMENT

## Mode of Valuation of Inventories

Inventories	
Raw Materials	At Monthly Moving Weighted Average Cost on FIFO Basis or Net Realisable Value, whichever is less
Stores and Spares	At Cost or Net Realisable Value, whichever is less
Finished Goods	At Cost or Net Realisable Value, whichever is less

## 8 Current Investments (₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Investment in Mutual Funds	2,852.70	-	1,760.00
<b>Total</b>	<b>2,852.70</b>	<b>-</b>	<b>1,760.00</b>

## 9 Trade Receivables (₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
( Secured and Considered Good )			
Exceeding Six Months	-	-	-
Others	-	-	-
( Unsecured and Considered Good )			
Exceeding Six Months	68.63	144.26	18.73
Others	4,370.13	4,448.81	4,267.04
<b>Total</b>	<b>4,438.76</b>	<b>4,593.07</b>	<b>4,285.77</b>

Trade Receivables includes dues from related party ₹ 2,340.25 Lakhs (Previous Year ₹ 2,217.39 Lakhs), out of which ₹ 1,583.84 Lakhs (Previous Year ₹ 1,603.89 Lakhs) dues from Holding Company.

The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are reconciled with Company's account.

The other balances of Trade Receivables are subject to confirmation.

## 10 Cash and Cash Equivalents (₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Balance with Banks :			
In Current Account	7.48	55.27	66.80
Cash on Hand	1.08	1.27	1.11
<b>Total</b>	<b>8.56</b>	<b>56.54</b>	<b>67.91</b>

**Note :** Disclosure regarding the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016

(₹ in Lakhs)

PARTICULARS	SBNs	Other Denomination	Total
Closing Cash in Hand as on 8th November 2016	1.37	0.20	1.57
Add: Permitted Receipts	-	5.13	5.13
Less: Permitted Payments	-	3.23	3.23
Less: Amount deposited in Bank	1.37	-	1.37
Closing Cash in Hand as on 30th December 2016	-	2.10	2.10

**NOTES TO THE FINANCIAL STATEMENT**

**11 Loans (₹ in Lakhs)**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Loans to Employees ( Unsecured , Considered good )	6.47	3.20	1.40
<b>Total</b>	<b>6.47</b>	<b>3.20</b>	<b>1.40</b>

**12 Other Current Financial Assets (₹ in Lakhs)**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Mark to Market Derivative Assets	85.62	593.52	1,269.49
Export Benefits Receivables	4.37	1.67	-
Security Deposits - Current	56.32	26.32	-
<b>Total</b>	<b>146.31</b>	<b>621.51</b>	<b>1,269.49</b>

**13 Current Tax Assets (Net) (₹ in Lakhs)**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advance Tax (Net of Provision)	111.52	-	68.81
<b>Total</b>	<b>111.52</b>	<b>-</b>	<b>68.81</b>

**14 Other Current Assets (₹ in Lakhs)**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Prepaid Expenses	55.12	36.91	35.75
Balances with Government Authorities	527.39	627.69	314.31
Advances to Suppliers ( Unsecured, Considered Good)	387.64	153.17	49.66
<b>Total</b>	<b>970.15</b>	<b>817.77</b>	<b>399.72</b>

**15 Share Capital (₹ in Lakhs)**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>AUTHORISED</b>			
75,000,000 Equity Shares (Previous Year 75,000,000) each Share of ₹ 10/-	7,500.00	7,500.00	7,500.00
2,500,000 Preference Shares (Previous Year 2,500,000) each Share of ₹ 100 /-	2,500.00	2,500.00	2,500.00
	<b>10,000.00</b>	<b>10,000.00</b>	<b>10,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			
70,759,999 Equity Shares (Previous Year as at 31st March 2016 70,759,999 and as at 01st April 2015 70,759,999) each Share of ₹ 10 /- Fully Paid Up	7,076.00	7,076.00	7,076.00
<b>Total</b>	<b>7,076.00</b>	<b>7,076.00</b>	<b>7,076.00</b>

**Reconciliation of No. of Shares**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Opening Balance	7,07,59,999	7,07,59,999	7,07,59,999
Add: Shares issued	-	-	-
<b>Out standing at the end of the Year</b>	<b>7,07,59,999</b>	<b>7,07,59,999</b>	<b>7,07,59,999</b>

## NOTES TO THE FINANCIAL STATEMENT

## Details of Shareholding

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Number of Shares held by</b>			
(a) Holding Company (Meghmani Organics Limited)	4,04,46,820	4,04,46,820	4,04,46,820
% of Share held	57.16%	57.16%	57.16%
Shareholders holding more than 5% of shares			
(b) International Finance Corporation	1,76,66,050	1,76,66,050	1,76,66,050
% of Share held	24.97%	24.97%	24.97%

The Company is having only one class of share i.e. Equity Share carrying a nominal value of ₹10/- each and each Equity Shares has one (1) voting right. All Equity Shareholders have Equal dividend rights.

## 16 Other Equity

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Security Premium Reserve	14,142.00	14,142.00	14,142.00
Retained Earning	14,919.29	8,265.30	1,547.13
Reserves On Account Of Non Cash Contribution from Shareholder	51.59	34.24	-
Remeasurements of Post Employment Benefit Obligation	(16.81)	(2.67)	-
<b>Total</b>	<b>29,096.07</b>	<b>22,438.87</b>	<b>15,689.13</b>

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
<b>SECURITY PREMIUM RESERVE</b>		
As per last Balance Sheet	14,142.00	14,142.00
Addition for the year	-	-
<b>Sub Total (A)</b>	<b>14,142.00</b>	<b>14,142.00</b>
<b>RESERVES ON ACCOUNT OF NON CASH CONTRIBUTION FROM SHAREHOLDER (B)</b>		
As per last Balance Sheet	34.24	-
Addition for the year	17.35	34.24
<b>Sub Total (B)</b>	<b>51.59</b>	<b>34.24</b>
<b>RETAINED EARNING</b>		
As per Last Year Account	8,265.30	1,547.13
Add : Profit for the year	6,653.99	6,718.17
<b>Sub Total (C)</b>	<b>14,919.29</b>	<b>8,265.30</b>
<b>REMEASUREMENTS OF POST EMPLOYMENT BENEFIT OBLIGATION</b>		
As per Last Year Account	(2.67)	-
Add : Addition for the year	(14.13)	(2.67)
<b>Sub Total (D)</b>	<b>(16.81)</b>	<b>(2.67)</b>
<b>Total (A+B+C+D)</b>	<b>29,096.07</b>	<b>22,438.87</b>

**NOTES TO THE FINANCIAL STATEMENT**

**17 Non-Current Financial Liabilities - Borrowings**

( ₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>SECURED BORROWINGS</b>			
From Bank			
Term Loan	3,546.45	8,503.33	11,928.44
External Commercial Borrowing	-	-	1,339.29
<b>From Financial Institution</b>			
External Commercial Borrowing	926.43	2,839.50	4,464.28
<b>Total</b>	<b>4,472.88</b>	<b>11,342.83</b>	<b>17,732.01</b>
[Refer Note 22 for Current Maturities of Term Loan from Banks and Financial Institutions ₹ 6,352.12 Lakhs (Previous Year as at 31st March 2016 ₹ 6,737.86 Lakhs and as at 1st April 2015 ₹ 7,620.87 Lakhs )]			

**Note:**

- 1) ICICI Bank Limited has refinanced term loan of ₹ 22,000.00 Lakhs. The entire facility of ₹ 22,000.00 Lakhs has been secured by Deed of Hypothecation dated 30th January, 2012 the whole of movable properties of the Company, including its movable Plant & Machinery, Machinery Spares, Tools and Accessories other movables both present and future where ever situate including Raw Material, Stock in Process, Finished Goods, Book Debts , Bills situated any where.

The rate of interest of term loan from ICICI Bank Limited is 1 Year MCLR + 1.42% (i.e. 8.90%+1.42%) p.a. The repayment of this loan has started from March 2012.

This charge is jointly held with First Pari Passu charge on movable fixed assets for (1) US \$ 200.00 Lakhs to International Finance Corporation (IFC) Washington USA (2) US \$ 150.00 Lakhs to Standard Chartered Bank (SCB), London and Second Pari Passu charge on all the Current Assets of the Company along with other Term Lenders.

The indenture of mortgage on immovable properties of the Company situated at Plot No. CH 1 and CH 2 has been created on 18th October, 2012 to secure term loan of ₹ 22,000.00 Lakhs of ICICI Bank and ECB of US\$ 150.00 Lakhs (₹ 7650.00 Lakhs ) of Standard Chartered Bank, London. Alongwith this the Indenture of Mortgage created to secure term loan by way of ECB availed from IFC of US\$ 200.00 Lakhs (₹ 8,645.50 Lakhs)

- 2) The Company has availed a Foreign Exchange Term Loan by way of External Commercial Borrowing of US \$ 200.00 Lakhs (₹ 8,645.50 Lakhs) from International Finance Corporation (IFC), Washington, USA. The Company has executed Unattested Memorandum of Hypothecation on 11th December, 2008 in favour of International Finance Corporation (IFC), Washington, USA represented by State Bank of India in its capacity as Security Trustee to secure Foreign Exchange Term Loan of External Commercial Borrowing of US \$ 200.00 Lakhs by way of creating First Pari Passu charge on movable Fixed Assets and Second Pari Passu Charge on all Current Assets of the Company along with other Term Lenders.

The rate of interest for Foreign Currency Term Loan by way of External Commercial Borrowing of US \$ 200.00 Lakhs from International Finance Corporation (IFC) is 1.80% per annum above 6 month LIBOR. The repayment of this loan has started from October 2011 and will be paid in 14 half yearly equal installments.

- 3) The Company has availed US \$ 150.00 Lakhs (₹ 7650.00 Lakhs) ECB from Standard Chartered Bank (SCB), United Kingdom by executing Memorandum of Hypothecation dated 16th February, 2012. The entire facility has been secured by First Pari Passu charge on all present and future movable fixed assets of the company including movable plant and machinery etc. and Second Pari Passu Charge on all Current Assets of the Company along with other term lenders.  
**During the year the Company has paid the ECB Loan.**

The rate of interest for Foreign Currency Term Loan by way of External Commercial Borrowing of US \$ 150.00 Lakhs from Standard Chartered Bank (SCB) is 2.80% per annum above 3 month LIBOR. The repayment of this loan has started from May 2013 and has been paid in 14 quarterly equal installments.

## NOTES TO THE FINANCIAL STATEMENT

## 18 Non-Current Financial Liabilities - Others (₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Mark to Market Derivative Liabilities	14.52	88.28	254.03
<b>Total</b>	<b>14.52</b>	<b>88.28</b>	<b>254.03</b>

## 19 Provisions- Non Current (₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Provision for Employee Benefits</b>			
Gratuity	21.79	14.97	-
Compensated Absences	14.95	9.99	6.40
<b>Total</b>	<b>36.74</b>	<b>24.96</b>	<b>6.40</b>

## 20 Short Term Borrowings (₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Secured Loans Repayable on Demand from Banks	1,501.04	912.45	-
<b>Total</b>	<b>1,501.04</b>	<b>912.45</b>	<b>-</b>

**Note:**

The Company has availed Working Capital Facility of ₹ 2,000.00 Lakhs from ICICI Bank Ltd and ₹ 1,400.00 Lakhs from Standard Chartered Bank aggregating to ₹ 3400.00 Lakhs. The entire facility of ₹ 3400.00 Lakhs has been Secured by First charge on all the company's Current Assets ranking pari-passu basis on both present and future Current Assets of the Company.

The Rate of interest stipulated by ICICI bank is sum of I-base and "spread" per annum, subject to minimum rate of 6 Month MCLR +15% (i.e. 8.15%+1.55 = 9.70%) p.a. plus applicable interest taxes or other Statutory levy, if any, on the principal amount remains outstanding each day.

The Rate of interest stipulated by Standard Chartered Bank is Base Rate + Margin.

## 21 Trade and Other Payables (₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Micro, Small & Medium Enterprises ( MSME )	68.01	78.49	64.74
Others	1,773.18	2,601.80	2,153.93
<b>Total</b>	<b>1,841.19</b>	<b>2,680.29</b>	<b>2,218.67</b>

The Company has called for balance confirmation of Creditors on random basis. Out of which the Company has received response from some of the parties, which are reconciled with Company's account. The other balances of Creditors are subject to confirmation.

The Company has entered into a contract for High Sea Purchase of Coal with Supplier's. However, as per the terms of contract, the Company gets piecemeal delivery of the goods. Therefore, the Company is accounting purchase on delivery basis of the goods. This accounting treatment does not affect the Profit or Loss of the Company.

**NOTES TO THE FINANCIAL STATEMENT**

**DISCLOSURES AS PER MSMED ACT, 2006**

The Company has received certain intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

Details as required by MSMED Act are given below:

( ₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;			
Principal	68.01	78.49	64.74
Interest	9.28	8.32	3.72
The amount of interest paid by the buyer in terms of Section 18 of MSMED Act, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	1.07	34.86	1.95
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.96	4.91	2.47
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	9.28	8.32	3.72

**Note:** The Company has a policy of reversing interest accrued and remained unpaid for period exceeding three year at end of the accounting year, which is not accordance with MSMED Act 2006 Accordingly the Company has reversed ₹ 0.94 Lakhs (Previous Year ₹ 0.31 Lakhs)

**MOVEMENT OF PROVISIONS**

( ₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
<b>As on 1st April, 2015</b>	<b>3.72</b>	<b>1.80</b>
Addition during the year	4.91	2.47
Used during the year	-	-
Reversed during the year	0.31	0.55
<b>As on 31st March, 2016</b>	<b>8.32</b>	<b>3.72</b>
Addition during the year	1.90	4.91
Used during the year	-	-
Reversed during the year	0.94	0.31
<b>As on 31st March, 2017</b>	<b>9.28</b>	<b>8.32</b>



## NOTES TO THE FINANCIAL STATEMENT

## 22 Current - Other Financial Liabilities

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current Maturities of Long-Term Debt	6,352.12	6,737.86	7,620.88
Interest Accrued but not due on Borrowings	67.87	124.12	177.38
Capital Creditors and Other Payables	399.20	1,140.27	379.82
Security Deposits	350.00	270.00	265.00
Interest Accrued under MSMED Act, 2005	9.28	8.32	3.72
Payable for Retention Money	-	-	5.57
Employee Benefits Payable	166.51	148.05	125.31
Mark to Market Derivative Liabilities	29.05	58.85	61.82
Expenses Payable	908.55	169.26	9.65
<b>Total</b>	<b>8,282.58</b>	<b>8,656.73</b>	<b>8,649.15</b>

## 23 Other Current Liabilities

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Advances from Customers	94.98	11.19	10.75
Statutory Dues	314.54	236.48	250.14
<b>Total</b>	<b>409.52</b>	<b>247.67</b>	<b>260.89</b>

## 24 Short Term Provisions

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Provision for Employee Benefits</b>			
Gratuity	-	5.00	2.77
Compensated Absences	8.53	8.47	7.65
Provision for Wealth Tax	-	-	0.30
<b>Total</b>	<b>8.53</b>	<b>13.47</b>	<b>10.72</b>

## 25 Liabilities for Current Tax (Net)

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
For Taxation (Net Of Advance Tax)	9.62	172.21	-
<b>Total</b>	<b>9.62</b>	<b>172.21</b>	<b>-</b>

## 26 Revenue from Operations

(₹ in Lakhs)

PARTICULARS	Year Ended on 31st March 2017	Year Ended on 31st March, 2016
<b>A. Sales of Products and Services</b>		
Sale of products	39,468.64	39,738.53
Add: Excise Duty on Sales	5,206.51	5022.77
Sale of By-product	69.43	76.63
	<b>44,744.58</b>	<b>44,837.93</b>
<b>B. Other Operating Revenue</b>		
Export Benefits and Other Incentives	2.72	1.65
<b>Total</b>	<b>2.72</b>	<b>1.65</b>
<b>Total (A+ B)</b>	<b>44,747.30</b>	<b>44,839.58</b>

**NOTES TO THE FINANCIAL STATEMENT**

**26.1 Sale- Productwise**

(₹ in Lakhs)

PARTICULARS	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Causic Soda	37,566.86	37,593.88
Caustic Potash	4,093.39	-
Others	(2,122.18)	2,221.28
Excise Duty	5,206.51	5,022.77
<b>Total</b>	<b>44,744.58</b>	<b>44,837.93</b>

**27 Other Income**

(₹ in Lakhs)

PARTICULARS	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Interest on Deposits with Banks	23.30	28.24
Other Interest	1.20	1.85
Net Gain on Sale of Investments	52.70	31.45
Net Gain on Foreign Currency Transactions	9.18	-
Sundry Balance Written Off	-	6.26
Net gain on Derivatives	103.57	106.89
<b>Total</b>	<b>189.95</b>	<b>174.69</b>

**28 Cost of Materials Consumed**

(₹ in Lakhs)

PARTICULARS	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Common Salt	1,676.87	2,234.68
Potassium Salt	2,510.20	-
Barium Carbonate	189.78	488.93
Sulphuric Acid	102.10	115.57
Soda Ash	267.68	185.70
Steam Coal	12,585.11	14,568.39
Other Raw Material Consumption	225.29	262.60
<b>Total</b>	<b>17,557.13</b>	<b>17,855.88</b>

**29 CHANGE IN INVENTORIES OF FINISHED GOODS,WIP & STOCK IN TRADE**

(₹ in Lakhs)

PARTICULARS	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Opening Stock		
(i) Finished Goods	191.33	260.08
(ii) Excise duty on Finished Goods	54.41	55.57
<b>Total (A)</b>	<b>245.74</b>	<b>315.65</b>
Closing Stock		
(i) Finished Goods	456.52	191.33
(ii) Excise duty on Finished Goods	76.19	54.41
<b>Total (B)</b>	<b>532.71</b>	<b>245.74</b>
<b>(Increase)/Decrease</b>	<b>Total (A - B)</b>	<b>69.91</b>
	<b>(286.97)</b>	

## NOTES TO THE FINANCIAL STATEMENT

## 30 Employee Benefit Expense

(₹ in Lakhs)

PARTICULARS	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Salaries and Wages	1,253.84	1,049.54
Contribution to Provident and Other Funds	46.28	40.70
Staff Welfare Expenses	122.00	105.73
<b>Total</b>	<b>1,422.12</b>	<b>1,195.97</b>

## 31 Finance Costs

(₹ in Lakhs)

PARTICULARS	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Interest on Borrowings	1,344.28	1,751.96
Interest under MSMED Act	1.90	4.91
Other Borrowing Costs (includes bank charges, etc.)	98.75	125.27
<b>Total</b>	<b>1,444.93</b>	<b>1,882.14</b>

## 32 Other Expenses

(₹ in Lakhs)

PARTICULARS	Year Ended on 31st March, 2017	Year Ended on 31st March, 2016
Stores and Spares Consumed	828.50	588.69
Packing Materials Consumed	288.97	265.27
Repairs and Maintenance:		
- Buildings	26.59	65.39
- Plant and Machinery	215.78	150.15
Rent	78.75	-
Rates and Taxes	47.50	29.68
Insurance	109.01	99.28
Power and Fuel	1,406.88	1,584.16
Renewal Purchase Obligation	610.70	530.63
Contract Labour Charges	599.73	580.88
Excise Duty on Finished Goods (Net)	50.78	43.50
Selling and Promotion Expenses	130.05	68.73
Commission, Brokerage and Discount	334.87	336.68
Net Loss on Foreign Currency Transactions	-	1.86
Loss on Sale of Fixed Assets	-	2.45
Water Charges	883.66	790.24
Loss on derivative contracts	507.90	236.63
Miscellaneous Expenses -Manufacturing	48.82	38.54
Miscellaneous Expenses -Administrative	360.39	377.48
Audit fees	14.00	14.00
For Taxation Matter	1.00	1.00
For Other Services	2.00	2.00
<b>Total</b>	<b>6,545.88</b>	<b>5,807.24</b>

**Note:** The Company has Operating Lease for premises which are renewable on periodic basis and cancellable at its option. Rental Expenses for operating leases charges to Statement of Profit and Loss Account for the year ₹ 78.75 Lakhs (Previous Year ₹ NIL). Not later than one year ₹ 78.75 Lakhs (Previous Year ₹ NIL)

**NOTES TO THE FINANCIAL STATEMENT**

**33 DISCLOSURE OF EARNING PER SHARE**

<b>PARTICULARS</b>	<b>Year Ended on 31st March, 2017</b>	<b>Year Ended on 31st March, 2016</b>
Net Profit After Tax Attributable to Shareholders ( ₹ in Lakhs)	6,653.99	6,718.16
Weighted Average Number of Shares at the end of Year	7,07,59,999	7,07,59,999
Nominal Value of Shares (in ₹)	10	10
Basic / Diluted Earning Per Share (EPS) (in ₹)	9.40	9.49

**34 EMPLOYEE BENEFITS**

As per IND AS-19 "Employees Benefits", the Company has recognized in the Financial Statements in respects of Employee Benefits Schemes as per Actuarial Valuation as on 31st March 2017.

**Defined Benefit Obligation recognized in Statement of Profit and Loss**

( ₹ in Lakhs)

<b>PARTICULARS</b>	<b>Gratuity</b>	
	<b>2016-2017</b>	<b>2015-2016</b>
Current Service Cost	19.74	13.63
Interest Cost	5.31	4.01
Expected Return on Plan Assets	(3.80)	(3.66)
Actuarial (Gain)/Loss	21.61	4.09
<b>Total Expenses recognized in the Statment of Profit and Loss</b>	<b>42.86</b>	<b>18.07</b>

**Defined Benefit Obligation recognized in Balance Sheet**

( ₹ in Lakhs)

<b>PARTICULARS</b>	<b>Gratuity</b>		
	<b>31st March, 2017</b>	<b>31st March, 2016</b>	<b>1st April, 2015</b>
Present Value of Funded Obligation	108.62	68.06	50.41
Fair Value of Plan Assets	86.84	48.09	47.64
Present Value of Unfunded Obligation	21.79	19.97	2.77
Unrecognised past Service Cost	-	-	-
Net Liability	21.79	19.97	2.77
Assets /(Liabilities) in Balance Sheet	(21.79)	(19.97)	(2.77)

**Change in Present Value of Defined Benefit Obligation**

( ₹ in Lakhs)

<b>PARTICULARS</b>	<b>Gratuity</b>		
	<b>31st March, 2017</b>	<b>31st March, 2016</b>	<b>1st April, 2015</b>
Opening balance of Present Value Of Obligation	68.06	50.41	30.11
Current Service Cost	19.74	13.63	7.51
Interest Cost	5.31	4.01	2.80
Acturial Loss /(Gains)	20.58	3.48	16.74
Benefit Paid	(5.07)	(3.47)	(6.75)
Closing Balance of Present Value of Obligation	108.62	68.06	50.41

## NOTES TO THE FINANCIAL STATEMENT

## Changes in the Fair Value of Plan Assets

(₹ in Lakhs)

PARTICULARS	Gratuity		
	31st March, 2017	31st March, 2016	1st April, 2015
Opening Balance of Present Value of Plan Assets	48.09	47.64	50.14
Expected Return on Plan Assets	3.80	3.66	4.36
Actuarial Gain/(Loss)	(1.03)	(0.61)	(0.11)
Contribution By Employer	41.04	0.87	-
Benefit Paid	(5.07)	(3.47)	(6.75)
Fair Value of Plan Assets as at 31st March,2017	86.83	48.09	47.64

## Actuarial Assumption

PARTICULARS	Gratuity		
	31st March, 2017	31st March, 2016	1st April, 2015
Discount Rate (per annum)	7.30%	7.80%	9.31%
Expected Return on Assets (per annum)	7.80%	7.96%	8.70%
Annual Increase in Salary Cost (per annum)	6.00%	6.00%	6.00%
Attrition rate	2.00%	2.00%	2.00%

## The Major Categories of Plan Assets as Percentage of Total Plan Asset

PARTICULARS	Gratuity		
	31st March, 2017	31st March, 2016	1st April, 2015
Government of India Securities	0%	0%	0%
High Quality Bond	0%	0%	0%
Equity Share of Listed Companies	0%	0%	0%
Property	0%	0%	0%
Insurance Company	100%	100%	100%

## Net Asset/(Liability) recognized in Balance Sheet

(₹ in Lakhs)

PARTICULARS	Gratuity		
	31st March, 2017	31st March, 2016	1st April, 2015
Defined Benefit obligation	108.62	68.06	50.41
Plan Assets	86.83	48.09	47.64
Surplus/(Deficit)	(21.79)	(19.97)	(2.77)
Net Opening Liability	19.97	2.77	(19.13)
Charged to Statement of Profit and Loss	42.86	18.07	21.90
Contribution Paid	(41.04)	(0.87)	-
Closing Net Liability	21.79	19.97	3.77

## Sensitivity Analysis

(₹ in Lakhs)

PARTICULARS	31st March, 2017		31st March, 2016	
	Gratuity		Gratuity	
	Increase	Decrease	Increase	Decrease
Salary growth rate (1 % movement)	11.87	(10.17)	8.39	(7.14)
Discount rate (1 % movement)	(9.97)	11.83	(6.97)	8.32
Withdrawal Rate	0.77	(0.94)	0.90	(1.08)

**NOTES TO THE FINANCIAL STATEMENT**

**35 RELATED PARTY DISCLOSURES**

Sr. No.	Name of Related Party	Relationship
1	Meghmani Organics Limited	Holding Company
2	Meghmani Dyes & Intermediates LLP ( MDI)	Enterprise in which Key Managerial Personnel (KMP) and its relatives have significant influence
3	Meghmani Industries Limited (MIL)	
4	Meghmani Pigments (MP)	
5	Meghmani Unichem LLP (MUL)	
6	Matangi Industries LLP	
7	Vidhi Global Chemicals Limited.	
8	Panchratan Corporation	
9	Tapsheel Enterprise	
10	Trent Chemical Industries	
11	Maulik Patel	
12	Kaushal Soparkar	
13	Ankit Patel	
14	Karan Patel	
15	Darshan Patel	
16	Jayantibhai Patel	
17	Taraben Patel	
18	Ashishbhai Soparkar	
19	Nayanaben Soparkar	
20	Natubhai Patel	
21	Bhartiben Patel	
22	Rameshbhai Patel	
23	Kalpanaben Patel	
24	Anandbhai Patel	
25	Nayanaben Patel	

**Transaction with Related Parties:**

( ₹ in Lakhs)

Particulars	Holding Company		Enterprises in which Key Managerial Personnel (KMP) and its Relatives have significant influence		Relatives of Key Managerial Personnel (KMP)		Total	
	F.Y. 2017	F.Y. 2016	F.Y. 2017	F.Y. 2016	F.Y. 2017	F.Y. 2016	F.Y. 2017	F.Y. 2016
Sale of Goods	3,859.46	3,814.35	-	-	-	-	3,859.46	3,814.35
Sale of Goods to MDI	-	-	365.90	231.72	-	-	365.90	231.72
Sale of Goods to MIL	-	-	431.69	293.41	-	-	431.69	293.41
Sale of Goods to MP	-	-	148.24	163.59	-	-	148.24	163.59
Sale of goods to MUL	-	-	1,875.64	1,785.16	-	-	1,875.64	1,785.16
Sale of Goods to Tapsheel	-	-	14.28	17.65	-	-	14.28	17.65
Sale of Goods to Trent Chemical	-	-	680.01	-	-	-	680.01	-
Purchase of Service/Others	25.47	-	-	-	-	-	25.47	-
Purchase of Service/Others	-	-	90.53	-	-	-	90.53	-
Purchase of Goods	-	7.82	-	-	-	-	-	7.82
Maulik Patel- Salary	-	-	-	-	-	10.66	-	10.66
Kaushal Soparkar- Salary	-	-	-	-	-	9.49	-	9.49
<b>Total</b>	<b>3,884.93</b>	<b>3,822.17</b>	<b>3,606.29</b>	<b>2,491.53</b>	<b>-</b>	<b>20.15</b>	<b>7,491.22</b>	<b>6,333.85</b>

## NOTES TO THE FINANCIAL STATEMENT

## Outstanding Balance with Related Parties:

(₹ in Lakhs)

PARTICULARS	Holding Company		
	31st March, 2017	31st March, 2016	1st April, 2015
Debtors	1,583.84	1,603.89	228.18

(₹ in Lakhs)

PARTICULARS	Enterprises in which Key Managerial Personnel (KMP) and its Relative have significant influence		
	31st March, 2017	31st March, 2016	1st April, 2015
Debtors	952.42	613.50	338.89
Advance for Capital Expenditure	-	50.00	300.00

(₹ in Lakhs)

PARTICULARS	Relatives of Key Managerial Personnel (KMP)		
	31st March, 2017	31st March, 2016	1st April, 2015
Salary Payable	-	3.26	2.83

## 36 Segment Reporting

The Board of Directors of the Company allocate resources and assess the performance of the Company, they are the Chief Operating Decision Maker (CODM). The CODM monitors the operating results of the business as a one primary segment i.e Manufacturing of Basic Chemicals with Captive Power Plant.

## 37 Contingement Liabilities &amp; Commitments

Contingent Liabilities and Commitments not provided for in the accounts:

(₹ in Lakhs)

PARTICULARS	As at	As at	As at
	31st March, 2017	31st March, 2016	01st April, 2015
In respect of Bank Guarantee (SBI)	207.14	207.14	207.14
In respect of Bank Guarantee (ICICI)	-	225.63	19.30
In respect of Letter of Credit (ICICI)	-	495.54	-
In respect of Letter of Credit (SCB)	425.87	223.56	521.25
In respect of Custom Duty	621.83	621.83	-
In respect of Service Tax	135.62	128.18	45.32

The Estimated amount of contract for Chloro Methane Project (CMS) remaining to be executed on capital account of ₹ 2,423.96 Lakhs ( Previous Year ₹ NIL and on 1st April 2015 ₹ 1,717.56 Lakhs ) has not provided for.

## 38 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity.

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Total Liabilities	12,326.05	18,993.15
Less : Cash and Cash Equivalent	8.56	56.54
Adjusted Net Debt	12,317.49	18,936.60
Total Equity	36,172.07	29,514.87
Adjusted Equity	36,172.07	29,514.87
Adjusted Net Debt to Adjusted Equity Ratio	0.34	0.64

**NOTES TO THE FINANCIAL STATEMENT**

**39 Financial Instruments – Fair Values and Risk Management**

**A. Accounting classification and Fair Values**

The following table shows the carrying amounts and fair values of Financial Assets and Financial Liabilities, including their levels in the fair value hierarchy. It does not include fair value information for Financial Assets and Financial Liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value

( ₹ in Lakhs)

31st March, 2017	Carrying Amount			Fair Value				
	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets measured at Fair Value</b>								
Current Investment	2,852.70	-	-	2,852.70	2,852.70	-	-	2,852.70
<b>Financial Assets measured at Amortised Cost</b>								
Non-Current Investments	-	-	0.10	0.10	-	0.10	-	0.10
Other Financial Asset	-	-	452.70	452.70	-	452.70	-	452.70
Non-current	-	-	146.31	146.31	-	-	-	-
Current	-	-	4,438.76	4,438.76	-	-	-	-
Trade and Other Receivables	-	-	8.56	8.56	-	-	-	-
Cash and Cash Equivalents	-	-	6.47	6.47	-	-	-	-
Loans -	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>2,852.70</b>	<b>-</b>	<b>5,052.90</b>	<b>7,905.60</b>	<b>2,852.70</b>	<b>452.80</b>	<b>-</b>	<b>3,305.50</b>
<b>Financial Liabilities measured at Amortised Cost</b>								
Borrowings	-	-	4,472.88	4,472.88	-	4,472.88	-	4,472.88
Non-Current	-	-	1,501.04	1,501.04	-	-	-	-
Current	-	-	1,841.19	1,841.19	-	-	-	-
Trade and Other Payables	-	-	14.52	14.52	-	14.52	-	14.52
Other Financial Liabilities	-	-	8,282.58	8,282.58	-	-	-	-
Non-Current	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>16,112.21</b>	<b>16,112.21</b>	<b>-</b>	<b>4,487.40</b>	<b>-</b>	<b>4,487.40</b>



**NOTES TO THE FINANCIAL STATEMENT**

(₹ in Lakhs)

31st March, 2016	Carrying Amount			Total	Fair Value			Total
	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised Cost		Level 1	Level 2	Level 3	
<b>Financial Assets measured at Fair Value</b>								
Current Investment	-	-	-	-	-	-	-	-
<b>Financial Assets measured at Amortised Cost</b>								
Non-Current Investments	-	-	0.10	0.10	-	0.10	-	0.10
Other Financial Asset	-	-	426.68	426.68	-	426.68	-	426.68
Non-current	-	-	621.51	621.51	-	-	-	-
Current	-	-	4,593.07	4,593.07	-	-	-	-
Trade and Other Receivables	-	-	56.54	56.54	-	-	-	-
Cash and Cash Equivalents	-	-	3.20	3.20	-	-	-	-
Loans -	-	-			-	-	-	-
<b>Total Financial Assets</b>	-	-	<b>5,701.10</b>	<b>5,701.10</b>	-	<b>426.78</b>	-	<b>426.78</b>
<b>Financial Liabilities measured at Amortised Cost</b>								
Borrowings	-	-	11,342.83	11,342.83	-	11,342.83	-	11,342.83
Non-Current	-	-	912.45	912.45	-	-	-	-
Current	-	-	2,680.29	2,680.29	-	-	-	-
Trade and Other Payables	-	-	88.28	88.28	-	88.28	-	88.28
Other Financial Liabilities	-	-	8,656.73	8,656.73	-	-	-	-
Non-Current	-	-			-		-	
Current	-	-			-		-	
<b>Total Financial Liabilities</b>	-	-	<b>23,680.58</b>	<b>23,680.58</b>	-	<b>11,431.11</b>	-	<b>11,431.11</b>

## NOTES TO THE FINANCIAL STATEMENT

(₹ in Lakhs)

1st April, 2015	Carrying Amount			Fair Value				
	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets measured at Fair Value</b>								
Current Investment	1,760.00	-	-	1,760.00	1,760.00	-	-	1,760.00
<b>Financial Assets measured at Amortised Cost</b>								
Non-Current Investments	-	-	0.10	0.10	-	0.10	-	0.10
Other Financial Asset	-	-	409.16	409.16	-	409.16	-	409.16
Non-current	-	-	1,269.49	1,269.49	-	-	-	-
Current	-	-	4,285.77	4,285.77	-	-	-	-
Trade and Other Receivables	-	-	67.91	67.91	-	-	-	-
Cash and Cash Equivalents	-	-	1.40	1.40	-	-	-	-
Loans	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>1,760.00</b>	<b>-</b>	<b>6,033.83</b>	<b>7,793.83</b>	<b>1,760.00</b>	<b>409.26</b>	<b>-</b>	<b>2,169.26</b>
<b>Financial Liabilities measured at Amortised Cost</b>								
Borrowings								
Non-Current	-	-	17,732.01	17,732.01	-	17,732.01	-	17,732.01
Current	-	-	-	-	-	-	-	-
Trade and Other Payables	-	-	2,218.67	2,218.67	-	-	-	-
Other Financial Liabilities								
Non-Current	-	-	254.03	254.03	-	-	-	-
Current	-	-	8,649.15	8,649.15	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>28,853.86</b>	<b>28,853.86</b>	<b>-</b>	<b>17,732.01</b>	<b>-</b>	<b>17,732.01</b>

**Types of inputs are as under:**

**Input Level I** : (Directly Observable) which includes quoted prices in active markets for identical assets such as quoted price for an equity security on Security Exchanges

**Input Level II** : (Indirectly Observable) which includes prices in active markets for similar assets such as quoted price for similar assets in active markets, valuation multiple derived from prices in observed transactions involving similar business etc.

**Input Level III** : (Unobservable) which includes management's own assumptions for arriving at a fair value such as projected cash flows used to value a business etc.

**C. Financial Risk Management**

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

- Credit Risk;
- Liquidity Risk; and
- Market Risk

## NOTES TO THE FINANCIAL STATEMENT

### i. Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's Risk Management framework. The Company manages market risk through a finance department, which evaluates and exercises independent control over the entire process of market risk management. The Finance Department recommends risk management objectives and policies, which are approved by Board of Directors. The activities of this department include management of cash resources, borrowing strategies, and ensuring compliance with market risk limits and policies.

The Company's Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's Risk Management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal audit. Internal audit undertakes both regular and ad hoc reviews of Risk Management controls and procedures, the results of which are reported to the audit committee.

### ii. Credit Risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

#### Other Financial Assets

The Company maintains its Cash and Cash Equivalents and Bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their Credit-worthiness on an on-going basis. The derivatives are entered into with bank and financial institution counterparties, which are rated AA- to AA+, based on ratings

#### Trade Receivables

The marketing department in co-ordination with management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors.

Trade Receivables of the Company are typically unsecured, except to the extent of the Security Deposits received from the customers or financial guarantees provided by the market organizers in the business. Credit Risk is managed through credit approvals and periodic monitoring of the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The company performs ongoing credit evaluations of its customers' financial condition and monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. The allowance for impairment of Trade Receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables. The company has no concentration of credit risk as the customer base is geographically distributed in India.

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Domestic	4,438.76	4,593.07	4,285.77
Other regions	-	-	-
<b>Total</b>	<b>4,438.76</b>	<b>4,593.07</b>	<b>4,285.77</b>

## Age of Receivables

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March,	As at 1st April, 2015
Neither due nor Impaired	2,185.08	2,005.67	2,915.86
Past due 1-90 days	1,836.88	2,312.69	1,332.13
Past due 91-180 days	348.17	130.45	19.05
More than 180 days	68.63	144.26	18.73

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of Customer Credit Risk, including underlying customers' Credit Ratings if they are available.

Management estimates that there are no instances of past due or impaired Trade and Other Receivables.

## iii. Liquidity Risk

Liquidity Risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

## Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

31st March, 2017	Contractual Cash Flows					
	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 Years
<b>Non-Derivative Financial Liabilities</b>						
Rupee Term Loans from Banks	8,135.53	8,135.53	4,565.10	3,570.43	-	-
Foreign Currency Term Loans from Banks	2,779.29	2,779.29	1,852.86	926.43	-	-
Working Capital Loans from Banks	1,501.04	1,501.04	1,501.04	-	-	-
Trade Payables	1,841.19	1,841.19	1,841.19	-	-	-
Other Payables	1,930.46	1,930.46	1,930.46	-	-	-
<b>Total</b>	<b>16,187.51</b>	<b>16,187.51</b>	<b>11,690.65</b>	<b>4,496.86</b>	-	-

## Derivative Financial Liabilities

(₹ in Lakhs)

31st March, 2017	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 Years
Interest Rate Swap -(Mark to Market)	14.52	14.52	9.68	4.84	-	-
<b>Total</b>	<b>14.52</b>	<b>14.52</b>	<b>9.68</b>	<b>4.84</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ in Lakhs)

31st March, 2016	Contractual Cash Flows					
	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 Years
<b>Non-Derivative Financial Liabilities</b>						
Rupee Term Loans from Banks	11,928.44	11,928.44	3,490.94	4,565.10	3,872.40	-
Foreign Currency Term Loans from Banks	6,152.25	6,152.25	3,312.75	2,839.50	-	-
Working Capital Loans from Banks	912.45	912.45	912.45	-	-	-
Trade Payables	2,680.29	2,680.29	2,680.29	-	-	-
Other Payables	1,918.87	1,918.87	1,918.87	-	-	-
<b>Total</b>	<b>23,592.30</b>	<b>23,592.30</b>	<b>12,315.30</b>	<b>7,404.60</b>	<b>3,872.40</b>	<b>-</b>

**Derivative Financial Liabilities**

(₹ in Lakhs)

31st March, 2016	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 Years
Interest Rate Swap -(Mark to Market)	88.28	88.28	35.31	35.31	17.66	-
<b>Total</b>	<b>88.28</b>	<b>88.28</b>	<b>35.31</b>	<b>35.31</b>	<b>17.66</b>	<b>-</b>

(₹ in Lakhs)

1st April, 2015	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 Years
<b>Non-Derivative Financial Liabilities</b>						
Rupee Term Loans from Banks	15,150.87	15,150.87	3,222.42	3,490.96	8,437.49	-
Foreign Currency Term Loans from Banks	10,267.85	10,267.85	4,464.28	3,759.93	2,043.64	-
Working Capital Loans from Banks	-	-	-	-	-	-
Trade Payables	2,218.67	2,218.67	2,218.67	-	-	-
Other Payables	1,028.27	1,028.27	1,028.27	-	-	-
<b>Total</b>	<b>28,665.66</b>	<b>28,665.66</b>	<b>10,933.64</b>	<b>72,250.89</b>	<b>10,481.13</b>	<b>-</b>

**Derivative Financial Liabilities**

(₹ in Lakhs)

1st April, 2015	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 Years
Interest Rate Swap -(Mark to Market)	254.03	254.03	72.58	72.58	108.87	-
<b>Total</b>	<b>254.03</b>	<b>254.03</b>	<b>72.58</b>	<b>72.58</b>	<b>108.87</b>	<b>-</b>

The Gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted Cash Flows relating to derivative financial liabilities held for Risk Management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement

**Interest Rate Risk**

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

**Exposure to Interest Rate Risk**

Company's Interest Rate Risk arises from borrowings obligations. Borrowings issued exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Variable-Rate Instruments	31st March, 2017	31st March, 2016
Non Current - Borrowings	4,472.88	11,342.83
Current portion of Long term Borrowings	6,352.12	6,737.86
Current Borrowings	1,501.04	912.45
<b>Total</b>	<b>12,326.04</b>	<b>8,993.14</b>

**Cash Flow Sensitivity Analysis for Variable-Rate Instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular Foreign Currency Exchange Rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or Loss		Equity, Net of Tax	
	Increase	Decrease	Increase	Decrease
<b>31st March 2017</b>				
Non Current - Borrowings	(44.73)	44.73	(29.25)	29.25
Current portion of Long Term Borrowings	(63.52)	63.52	(41.54)	41.54
Current Borrowings	(15.01)	15.01	(9.82)	9.82
<b>Total</b>	<b>(123.26)</b>	<b>123.26</b>	<b>(80.61)</b>	<b>80.61</b>
<b>31st March 2016</b>				
Non Current - Borrowings	(113.43)	113.43	(74.17)	74.17
Current portion of Long Term Borrowings	(67.38)	67.38	(44.06)	44.06
Current Borrowings	(9.12)	9.12	(5.97)	5.97
<b>Total</b>	<b>(189.93)</b>	<b>189.93</b>	<b>(124.20)</b>	<b>124.20</b>

**iv. Market Risk**

Market Risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**Currency Risk**

The Company is exposed to Currency Risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

The Company does not use derivative financial instruments for trading or speculative purposes.

**NOTES TO THE FINANCIAL STATEMENTS**

**Exposure to Currency Risk**

The Currency profile of Financial Assets and Financial Liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015 are as below:

(₹ in Lakhs)

31st March 2017	INR	INR Equivalent to USD	INR Equivalent to EURO	INR Equivalent to SGD	INR Equivalent to AED	INR Equivalent to CNY
<b>Financial Assets</b>						
Cash and Cash Equivalents	8.56	-	-	-	-	-
Bank Balances other than above	-	-	-	-	-	-
Non-Current Investments	0.10	-	-	-	-	-
Current Investments	2,852.70	-	-	-	-	-
Long-Term Loans and Advances	-	-	-	-	-	-
Short-Term Loans and Advances	6.47	-	-	-	-	-
Trade and Other Receivables	4,438.76	-	-	-	-	-
Other Non-Current Financial Assets	452.70	-	-	-	-	-
Other Non- Current Assets	320.94	320.94	-	-	-	-
Other Current Financial Assets	146.31	-	-	-	-	-
<b>Total</b>	<b>8,226.54</b>	<b>320.94</b>	-	-	-	-
<b>Financial Liabilities</b>						
Long Term Borrowings	4,472.88	926.43	-	-	-	-
Short Term Borrowings	1,501.04	-	-	-	-	-
Trade Payables	1,841.19	-	-	-	-	-
Other Non-Current Financial Liabilities	14.52	-	-	-	-	-
Other Current Financial Liabilities	8,282.58	2,299.38	-	-	-	-
Less : Foreign Currency Hedged	(397.16)	(397.16)	-	-	-	-
<b>Total</b>	<b>15,715.05</b>	<b>2,828.65</b>	-	-	-	-

(₹ in Lakhs)

31st March 2016	INR	INR Equivalent to USD	INR Equivalent to EURO	INR Equivalent to SGD	INR Equivalent to AED	INR Equivalent to CNY
<b>Financial Assets</b>						
Cash and Cash Equivalents	56.54	-	-	-	-	-
Bank Balances other than above	-	-	-	-	-	-
Non-Burrent Investments	0.10	-	-	-	-	-
Current Investments	-	-	-	-	-	-
Long-Term Loans and Advances	-	-	-	-	-	-
Short-Term Loans and Advances	3.20	-	-	-	-	-
Trade and Other Receivables	4,593.07	-	-	-	-	-
Other Non-Current Financial Assets	426.68	-	-	-	-	-
Other Current Financial Assets	621.51	-	-	-	-	-
<b>Total</b>	<b>5,701.10</b>	-	-	-	-	-
<b>Financial Liabilities</b>						
Long Term Borrowings	11,342.83	2,839.50	-	-	-	-
Short Term Borrowings	912.45	-	-	-	-	-
Trade and Other Payables	2,680.29	-	-	-	-	-
Other Non-Current Financial Liabilities	88.28	-	-	-	-	-
Other Current Financial Liabilities	8,656.73	4,063.85	-	-	-	-
Less : Foreign Currency Hedged	(2,096.02)	(2,096.02)	-	-	-	-
<b>Total</b>	<b>21,584.56</b>	<b>4,807.32</b>	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

1st April 2015	INR	INR Equivalent to USD	INR Equivalent to EURO	INR Equivalent to SGD	INR Equivalent to AED	INR Equivalent to CNY
<b>Financial Assets</b>						
Cash and Cash Equivalents	67.91	-	-	-	-	-
Bank Balances other than above	-	-	-	-	-	-
Non-Current Investments	0.10	-	-	-	-	-
Current Investments	1,760.00	-	-	-	-	-
Long-Term Loans and Advances	-	-	-	-	-	-
Short-Term Loans and Advances	1.40	-	-	-	-	-
Trade and Other Receivables	4,285.77	-	-	-	-	-
Other Non-Current Financial Assets	409.16	-	-	-	-	-
Other Current Financial Assets	1,269.49	-	-	-	-	-
<b>TOTAL</b>	<b>7,793.83</b>	-	-	-	-	-
<b>Financial Liabilities</b>						
Long Term Borrowings	17,732.01	5,803.57	-	-	-	-
Short Term Borrowings	-	-	-	-	-	-
Trade and Other Payables	2,218.67	-	-	-	-	-
Other Non-Current Financial Liabilities	254.03	-	-	-	-	-
Other Current Financial Liabilities	8,649.15	4,486.63	-	-	-	-
<b>TOTAL</b>	<b>28,853.86</b>	<b>10,290.20</b>	-	-	-	-

**Sensitivity Analysis**

A reasonably possible strengthening / (weakening) of the Indian Rupee against US Dollars at March 31 would have affected the measurement of financial instruments denominated in US Dollars and affected Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

Effect in INR	Profit or (Loss)		Equity, Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2017</b>				
3% movement				
USD	(75.23)	75.23	(49.20)	49.20
EURO	-	-	-	-
SGD	-	-	-	-
AED	-	-	-	-
CNY	-	-	-	-



**NOTES TO THE FINANCIAL STATEMENTS**

( ₹ in Lakhs)

Effect in INR	Profit or (Loss)		Equity, Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2016</b>				
3% movement				
USD	(144.22)	144.22	(94.31)	94.31
EURO	-	-	-	-
SGD	-	-	-	-
AED	-	-	-	-
CNY	-	-	-	-

**40 Transition to Ind AS:**

These are the Company's first Financial Statements prepared in accordance with Ind AS.

The Accounting policies set out in note 1 have been applied in preparing the Financial Statements for the year ended March 31 2017, the comparative information presented in these Financial Statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS Balance Sheet at April 1, 2015 (the Company's date of transition).

In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in Financial Statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**Exemption 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:

**Optional exemption**

**1. Deemed cost- Fair value of Property, Plant and Equipment (PPE)**

The Company has elected to measure all the items of PPE, Intangible Assets and Investment Property at its Indian GAAP carrying values which shall be the deemed cost as at the date of transition. As per Frequently Asked Questions (FAQs) issued by Accounting Standards Board (ASB) by Ind AS Transition Facilitation Group of Ind AS (IFRS) Implementation Committee of ICAI, deemed cost, is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, deemed cost becomes the cost as the starting point. Information regarding gross block of assets, accumulated depreciation and provision for impairment under Indian GAAP has been disclosed by way of a note forming part of the Financial Statements.

**Mandatory exemption**

**1. Hedge Accounting**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Under Indian GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. The Company has designated various economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the Company, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS 109. Consequently, the Company continues to apply hedge accounting after the date of transition to Ind AS.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Estimates

On an assessment of the estimates made under Indian GAAP the Company has concluded that there was no necessity to revise the estimates under Ind AS except where estimates were required by Ind AS and not required by Indian GAAP or the basis of measurement were different.

### 3. Classification and measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

The remaining mandatory exceptions either do not apply or are not relevant to the Company.

## NOTES TO THE FINANCIAL STATEMENTS

## Reconciliation of Equity as at April 01, 2015

( ₹ In Lakhs )

	Foot Note	Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
<b>I. ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment		41,099.72	-	41,099.72
(b) Capital Work-in-Progress		728.66	-	728.66
(c) Other Intangible Assets		21.40	-	21.40
(d) Financial Assets				
(i) Investments		0.10	-	0.10
(ii) Others	1, 10	2,159.37	(1,750.21)	409.16
(e) Other Non-Current Assets	2	910.54	(382.95)	527.59
<b>Total Non Current Assets</b>		<b>44,919.79</b>	<b>(2,133.16)</b>	<b>42,786.63</b>
<b>(2) Current Assets</b>				
(a) Inventories		1,905.74	-	1,905.74
(b) Financial Assets				
(i) Current Investments	3	1,734.12	25.88	1,760.00
(ii) Trade Receivables		4,285.77	-	4,285.77
(iii) Cash and Cash Equivalents		67.91	-	67.91
(iv) Loans		1.40	-	1.40
(v) Other Financial Assets	1,4	39.79	1,229.70	1,269.49
(c) Current Tax Assets (Net)		68.81	-	68.81
(d) Other Current Assets		399.72	-	399.72
<b>Total Current Assets</b>		<b>8,503.26</b>	<b>1,255.58</b>	<b>9,758.84</b>
<b>TOTAL ASSETS</b>		<b>53,423.05</b>	<b>(877.58)</b>	<b>52,545.47</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital		7,076.00	-	7,076.00
(b) Other Equity	11	14,947.66	741.47	15,689.13
<b>Total Equity</b>		<b>22,023.66</b>	<b>741.47</b>	<b>22,765.13</b>
<b>(2) Non Current Liabilities</b>				
(a) Financial Liabilities				
(i) Long Term Borrowings	2	17,887.65	(155.64)	17,732.01
(ii) Other Financial Liabilities		254.03	-	254.03
(b) Provisions		6.40	-	6.40
(c) Deferred Tax Liabilities (Net)	10	2,046.05	(1,397.58)	648.47
<b>Total Non Current Liabilities</b>		<b>20,194.13</b>	<b>(1,553.22)</b>	<b>18,640.91</b>
<b>(3) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Short Term Borrowings		-	-	-
(ii) Trade Payables		2,218.67	-	2,218.67
(iii) Other Financial Liabilities	2	8,714.98	(65.83)	8,649.15
(b) Other Liabilities		260.89	-	260.89
(c) Provisions		10.72	-	10.72
<b>Total Current Liabilities</b>		<b>11,205.26</b>	<b>(65.83)</b>	<b>11,139.43</b>
<b>Total Liabilities</b>		<b>31,399.39</b>	<b>(1,619.05)</b>	<b>9,780.34</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>53,423.05</b>	<b>(877.58)</b>	<b>52,545.47</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

**NOTES TO THE FINANCIAL STATEMENTS**

**Reconciliation of Equity as at March 31, 2016**

(₹ In Lakhs)

	Foot Note	Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
<b>I. ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment		36,426.03	-	36,426.03
(b) Capital Work-in-Progress		6,948.67	-	6,948.67
(c) Other Intangible Assets		0.04	-	0.04
(d) Financial Assets				
(i) Investments		0.10	-	0.10
(ii) Others	1, 10	2,705.84	(2,279.16)	426.68
(e) Deferred Tax Assets (net)		-	-	-
(f) Other Non-Current Assets	2	608.23	(181.15)	427.08
<b>Total Non Current Assets</b>		<b>46,688.91</b>	<b>(2,460.31)</b>	<b>44,228.60</b>
<b>(2) Current Assets</b>				
(a) Inventories		3,668.66	-	3,668.66
(b) Financial Assets				
(i) Current Investments		-	-	-
(ii) Trade Receivables		4,593.07	-	4,593.07
(iii) Cash and Cash Equivalents		56.54	-	56.54
(iv) Loans		3.20	-	3.20
(v) Other Financial Assets	1,4	80.78	540.73	621.51
(c) Current Tax Assets (Net)		-	-	-
(d) Other Assets		817.77	-	817.77
<b>Total Current Assets</b>		<b>9,220.02</b>	<b>540.73</b>	<b>9,760.75</b>
<b>TOTAL ASSETS</b>		<b>55,908.93</b>	<b>(1,919.58)</b>	<b>53,989.35</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital		7,076.00	-	7,076.00
(b) Other Equity	11	22,055.58	383.29	22,438.87
<b>Total Equity</b>		<b>29,131.58</b>	<b>383.29</b>	<b>29,514.87</b>
<b>(2) Non Current Liabilities</b>				
(a) Financial Liabilities				
(i) Long Term Borrowings	2	11,432.63	(89.80)	11,342.83
(ii) Other Financial Liabilities		147.14	(58.86)	88.28
(b) Provisions		24.96	-	24.96
(c) Deferred Tax Liabilities (net)	10	2,482.82	(2,147.23)	335.59
<b>Total Non Current Liabilities</b>		<b>14,087.55</b>	<b>(2,295.89)</b>	<b>11,791.66</b>
<b>(3) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Short Term Borrowings		912.45	-	912.45
(ii) Trade Payables		2,680.29	-	2,680.29
(iii) Other Financial Liabilities	2	8,663.71	(6.98)	8,656.73
(b) Other Liabilities		247.67	-	247.67
(c) Provisions		13.47	-	13.47
(d) Liabilities for current tax (net)		172.21	-	172.21
<b>Total Current Liabilities</b>		<b>12,689.80</b>	<b>(6.98)</b>	<b>12,682.82</b>
<b>Total Liabilities</b>		<b>26,777.35</b>	<b>(2,302.87)</b>	<b>24,474.48</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>55,908.93</b>	<b>(1,919.58)</b>	<b>53,989.35</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

## NOTES TO THE FINANCIAL STATEMENTS

Statement of Profit and Loss for the year ended on 31st March 2016

(₹ In Lakhs)

		Amount as per previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
<b>Income</b>				
Net Revenue from Operation	5	39,945.78	4,893.80	44,839.58
Other Income	3	191.60	(16.91)	174.69
<b>Total Income</b>		<b>40,137.38</b>	<b>4,876.89</b>	<b>45,014.27</b>
<b>Expenditure</b>				
Raw Materials Consumption		17,855.88	-	17,855.88
(Increase)/Decrease in Stock		69.91	-	69.91
Employees Emoluments	6	1,200.06	(4.09)	1,195.97
Financial Expenses		1,983.86	(101.72)	1,882.14
Depreciation		4,405.10	-	4,405.10
Excise duty on sales		-	5,022.77	5,022.77
Other Expenses		5,699.55	107.69	5,807.24
<b>Total Expenditure</b>		<b>31,214.36</b>	<b>5,024.65</b>	<b>36,239.01</b>
<b>Profit Before Exceptional Items &amp; Tax</b>		<b>8,923.02</b>	<b>(147.76)</b>	<b>8,775.26</b>
Exceptional Items		-	-	-
<b>Profit Before Tax</b>		<b>8,923.02</b>	<b>(147.76)</b>	<b>8,775.26</b>
Current Tax		1,905.00	-	1,905.00
Deferred Tax		436.77	242.02	678.79
Adjustment of tax for earlier years		15.27	-	15.27
Less: Tax Credit entitlement (MAT)		(541.96)	-	(541.96)
<b>Profit for the year from Continuing Operation</b>		<b>7,107.93</b>	<b>(389.78)</b>	<b>6,718.16</b>
<b>Other Comprehensive Income</b>				
A (i) Items that will not be reclassified to Profit or Loss	6,8	-	(4.09)	(4.09)
(ii) Income tax related to items that will not be reclassified to Profit or Loss		-	1.42	1.42
B (i) Items that will be reclassified to Profit or Loss		-	-	-
(ii) Income tax related to items that will be reclassified to Profit or Loss		-	-	-
<b>Total Other Comprehensive Income for the Period</b>		<b>-</b>	<b>(2.67)</b>	<b>(2.67)</b>
<b>Total Profit</b>		<b>7,107.93</b>	<b>(392.44)</b>	<b>6,715.49</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note

## NOTES TO THE FINANCIAL STATEMENTS

## Notes to the reconciliation:

**1 Interest accrued but not due**

Under IGAAP, the Company has invested in Fixed Deposits with the banks and the interest is accrued on the same at each reporting date. Under Ind AS Fixed deposits are to be reported at amortised cost with reclassification of interest accrued but not due with Fixed Deposits. This has resulted in increase of non current financial assets by ₹ 39.79 Lakhs with a corresponding decrease in Other Current Assets as on 1st April 2015. As on 31st March 2016 Non Current Financial Assets increased by ₹ 52.80 Lakhs with resultant decrease in other Current Financial Assets.

**2 Interest bearing Loans and Borrowings**

Under Indian GAAP, part of transaction costs incurred in connection with interest bearing Loans and Borrowings are charged to Profit or Loss for the period while remaining amount was carried as unamortised charges on borrowing. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or Loss using the effective interest method. This has resulted in decrease in Non Current Assets by ₹ 382.95 Lakhs as on 1st April 2015. Further, Long Term Borrowing reduced by ₹ 155.64 Lakhs and 89.81 Lakhs as on 31st March 2016 and 1st April 2015 respectively. Other Current Financial Liabilities decreased by ₹ 65.83 Lakhs as on 31st March 2016. Also Finance Cost for the year ended 31st March 2016 has increased by ₹ 65.83 Lakhs.

**3 Fair Valuation of Investments in Mutual Funds:**

Under IGAAP, the Company accounted for Short Term Investments in Mutual Funds at cost. Under Ind AS, the Company has designated such Investments as FVTPL Investments. Consequently the value of Investment on the transition date has increased by ₹ 25.88 Lakhs. Consequently a loss of ₹ 16.92 Lakhs has been recognised on the sale of investment.

**4 Derivative Instrument**

The fair value of forward foreign exchange contracts is recognised under Ind AS, and was not recognised under Indian GAAP, Thus any gains on fair valuation of derivative instruments is recognised in the Statement of Profit and Loss. This has resulted increase in Current Financial Asset by ₹ 1,269.49 Lakhs as on 1st April 2015 and ₹593.52 Lakhs as on 31st March 2016.

**5 Sale of Goods**

Under Indian GAAP, Sale of Goods was presented as net of Excise Duty. However, under Ind AS, Sale of Goods includes Excise Duty. Excise Duty on Sale of Goods is separately presented on the face of Statement of Profit and Loss. Also under IGAAP cash incentives given to customer in the form of Rebates and Discount was accounted as Other Expense. Under Ind AS these are required to be netted off from revenue. Accordingly the Rebates and Cash Discounts amounting to ₹ 128.96 Lakhs has been netted off from revenue. Also Excise duty on sales of ₹ 4,979.02 Lakhs is grossed up.

**6 Employee Benefits**

Under Ind AS, the Company recognises all remeasurement gains and losses arising from Defined Benefit Plans in Other Comprehensive Income in the period in which they occur. Under IGAAP the Company recognised actuarial gains and losses in the Statement of Profit or Loss in the period in which they occur. This has resulted in the decrease of Employee Emoluments by ₹ 4.09 Lakhs for the year ended 31st March 2016. Further, this reclassification has no impact on the total Comprehensive Income for the year ended 31 March 2016 and on Equity as at that date.

**7 Financial Guarantee Contract**

The Company had received Corporate Guarantee from its Parent. Under Ind AS, In the case of a guarantee provided by a Parent over the liability of a Subsidiary, if no payments from the Subsidiary to the Parent are agreed for such a guarantee, then the Parent has provided the guarantee in its capacity as a Shareholder and Subsidiary accounts for the issuance of the guarantee as a capital contribution to the Subsidiary. For the year ending 31st March 2016, the Company has recognised a non cash contribution of ₹ 34.24 Lakhs with a corresponding increase in the Finance Cost.

**8 Other Comprehensive Income**

Under Indian GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, it has reconciled Indian GAAP Profit or Loss to Profit or Loss as per Ind AS. Further, Indian GAAP Profit or Loss is reconciled to total Comprehensive Income as per Ind AS.

**9 Statement of Cash Flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the Statement of Cash Flows.

## NOTES TO THE FINANCIAL STATEMENTS

## 10 Deferred Tax

Indian GAAP requires Deferred Tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of Deferred Tax on new temporary differences which was not required under Indian GAAP. Further, the Company has recognised MAT Credit Entitlement as Deferred Tax Assets.

## Deferred Tax :

The above changes in Deferred Tax Liability is as follows:

( ₹ In Lakhs )

Particulars	Note	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
For expensing the unamortised prepayment charges on Borrowing	2	-	53.12
For Fair valuation of Investments in Mutual Funds	3	-	(8.96)
For Recognition of MTM gain on Derivative Instruments not recognised earlier	4	(205.41)	(439.35)
For straightlining of Processing Fees Paid on Term Loans	2	8.83	2.76
For Reclassification of Tax Credit	10	2,331.96	1,790.00
For recognising Notional Income for Corporate Guarantee	7	11.85	-
<b>Total</b>		<b>2,147.23</b>	<b>1,397.57</b>

## Reconciliation of Equity

The impact of the above Ind AS adjustment on the Equity is as below

( ₹ In Lakhs )

Particulars	Note	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
<b>IGAAP Equity</b>		<b>29,131.58</b>	<b>22,023.66</b>
For expensing the unamortised prepayment charges on Borrowing	2	-	(153.49)
For Fair valuation of investments in Mutual Funds	3	-	25.88
For recognition of MTM gain on Derivative Instruments not recognised earlier	4	593.53	1,269.49
For straightlining of Processing Fees paid on term loans	2	(25.51)	(7.99)
For recognising expense on Financial Guarantee	7	(34.24)	-
For recognising Non Cash Contribution From Shareholders	7	34.24	-
For Deferred Tax on adjustments on above		(184.73)	(392.42)
<b>Net Impact on Retained Earnings</b>		<b>383.29</b>	<b>741.47</b>
<b>Ind AS Equity</b>		<b>29,514.87</b>	<b>22,765.13</b>

AS PER OUR REPORT OF EVEN DATE  
FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN-107647W

(M. M. KHANDWALA)  
PARTNER  
M. NO.: 32472

SANJAY JAIN  
CHIEF FINANCIAL OFFICER

K D MEHTA  
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

MAULIK PATEL  
DIRECTOR

KAUSHAL SOPARKAR  
DIRECTOR

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

PLACE : AHMEDABAD  
DATE : 4<sup>th</sup> MAY, 2017

## NOTICE

Notice is hereby given that 10th Annual General Meeting of the Members of the Company will be held on **Saturday, 15th July, 2017 at 10.30 A.M.** at the Registered Office of the Company, to transact the following business :-

### **ORDINARY BUSINESS:-**

- 1) To receive, consider and adopt the Audited Balance sheet as at **31st March, 2017** Statement of Profit and Loss and Cash Flow Statement for the financial year ended on **31st March, 2017**, together with reports of Board of Directors and the Auditor's thereon.
- 2) To appoint a Director in place of Mr. Maulik Patel (DIN 2006947) who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Kaushal Soparkar (DIN 01998162) who retires by rotation and being eligible offers himself for re-appointment.
- 4) **Appointment of Statutory Auditors**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration No. 324982E / E300003) be and are hereby appointed as the Statutory Auditors of the Company (in place of M/s Khandwala & Khandwala, Chartered Accountants, the retiring Auditors) for a term of five years commencing from the Company's financial year 2017 to hold office from the conclusion of the 10th Annual General Meeting of the Company till the conclusion of the 15th Annual General Meeting to be held in 2022 (subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting) on such remuneration plus service tax, out-of-pocket expenses etc. as may be mutually agreed upon by the Board of Directors and the Auditors.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

### **SPECIAL BUSINESS:-**

- 5) To Consider and if thought fit to pass the following resolution with or without modification as **Special Resolution**:-

#### **APPOINTMENT OF MR. MANUBHAI KHODIDAS PATEL AS DIRECTOR**

**"RESOLVED THAT** pursuant to provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 Mr. Manubhai Khodidas Patel who was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, and who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Non Executive Independent Director of the Company."

- 6) To Consider and if thought fit to pass the following resolution with or without modification as **Special Resolution**:-

#### **Payment of remuneration by way of commission to the Non-Executive Directors:-**

**"RESOLVED THAT** pursuant to provisions of Sections 197 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or any re-enactment thereof for the time being in force) a sum not exceeding 3% (Three percent) per annum of the Net Profits of the Company calculated for the Financial Year 2016-17 in accordance with the provisions of Section 198 of the Companies Act, 2013, be paid to and distributed amongst the Directors or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors subject to the overall ceiling of 3% (Three percent) of the Net Profits of the Company for the Financial Year 2016-17."



## NOTICE

“RESOLVED FURTHER THAT the above remuneration shall be in addition to fees payable to the director(s) for attending the meetings of the Board or any Committee thereof as may be decided by the Board of Directors and reimbursement of expenses for participation in such Board and Committee meetings.”

- 7) To Consider and if thought fit to pass the following resolution with or without modification as **Ordinary Resolution:-**

**APPOINTMENT OF COST AUDITORS FOR FY 2017-18**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications or amendments or re-enactments thereof for the time being in force), M/s K V Melwani & Associates, Cost Accountants (Registration No. 100497), be and is hereby appointed as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending on 31 March, 2018, at a remuneration of ₹1,00,000/- (Rupees One Lakh only) per financial year, plus applicable service tax and out of pocket expenses that may be incurred during the course of Cost audit.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including Audit Committee), be and is hereby authorized to ratify the payment remuneration and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

- 8) To Consider and if thought fit to pass the following resolution with or without modification as **Special Resolution:-**

**APPOINTMENT OF MR. MAULIK PATEL AS CHAIRMAN & MANAGING DIRECTOR OF THE COMPANY**

“RESOLVED THAT pursuant to the provisions of Section 196, 197, and 188 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (of the “Act”), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force), Article of Association of the Company, subject to approval of members and such other approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee the consent of the Board of Directors be and is hereby accorded for the appointment of **Mr. Maulik Patel**, as **Chairman & Managing Director** of the Company, **for a period of Five years with effect** from 01 April, 2017 on the terms and conditions as to salary, commission and perquisites (hereinafter referred to as “remuneration”), as set out herein below: -

**1. BASIC SALARY: ₹ 3, 00,000/- Per Month**

- 1) In addition to Salary he shall be eligible for the following perquisites which shall not be included in the computation of the Ceiling on remuneration specified in Section II and Section III of Schedule V of the Companies Act, 2013 :
  - (a) The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act.
  - (b) The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time.
  - (c) Encashment of leave at the end of tenure.
- 2) In addition, the following perquisites shall be paid to **Mr. Maulik Patel, Chairman and Managing Director**
  - (a) Mediclaim and Personal Accident Insurance Policy as per the rules of the Company.
  - (b) Club Fee: - Fees of Club subject to a **maximum of two clubs**. This will not include admission and Life Membership Fees.
  - (c) The Company shall provide a **car with driver** at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
  - (d) The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence telephone at the entire cost of the Company. Personal long distance calls be billed by the Company.

**NOTICE**

- (e) **One Month's** privilege leaves for every eleven-month's service.
- (f) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and **Mr. Maulik Patel**.

The value of the above perquisites shall be evaluated as per Income-Tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, and shall be subject to an overall annual ceiling of an amount equal to the Salary for the relevant period.

- 3) The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

**2. Reimbursement:**

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

**3. Performance Bonus :**

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year and approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under Section 198 of the Companies Act, 2013. The net profits for the purpose of this clause shall be calculated in accordance with Section 198 of the Companies Act, 2013.

**4. Other Terms:**

**Mr. Maulik Patel** shall, subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company relating to day to **day operations of Caustic/Chlorine Complex**. He shall not be paid any sitting fee for attending meetings of the Board or Committee thereof. Mr. Maulik Patel shall be liable to retire by rotation.

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance based Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Maulik Patel** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013 ."

**"RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new Act or amendments thereto or the Rules and notifications issued there under."

**"RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable to **Mr. Maulik Patel** shall be as per limit prescribed in Schedule V of the Companies Act 2013."

**"RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment consent of the shareholders be and is hereby accorded in terms of Section 197(10) of the Companies Act, 2013 for Waiver of recovery of excess remuneration paid over and above the limits specified u/s 197 and 198 and other applicable provision read with Schedule V of the Companies Act, 2013, subject to approval of Central Government."

**"RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary of the Company be and are hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide break up of the remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be in the best interest of the Company.

- 9) To Consider and if thought fit to pass the following resolution with or without modification as **Special Resolution:-**

**APPOINTMENT OF MR. KAUSHAL SOPARKAR AS MANAGING DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 188 of the Companies Act, 2013 read with Schedule

## NOTICE

V and other applicable provisions, if any, of the Companies Act, 2013 (of the "Act"), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force), Article of Association of the Company, subject to approval of members and such o t h e r approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee the consent of the Board of Directors be and is hereby accorded for the appointment of **Mr. Kaushal Soparkar**, as **Managing Director** of the Company, **for a period of Five years with effect from 01 April, 2017** on the terms and conditions as to salary, commission and perquisites (hereinafter referred to as "remuneration"), as set out herein below: -

**1. BASIC SALARY: ₹ 3, 00,000/- Per Month**

- 1) In addition to Salary he shall be eligible for the following perquisites which shall not be included in the computation of the Ceiling on remuneration specified in Section II and Section III of Schedule V of the Companies Act, 2013 :
  - (a) The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act.
  - (b) The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time.
  - (c) Encashment of leave at the end of tenure.
- 2) In addition, the following perquisites shall be paid to **Mr. Kaushal Soparkar, Managing Director**
  - (a) Mediclaim and Personal Accident Insurance Policy as per the rules of the Company.
  - (b) Club Fee: - Fees of Club subject to a **maximum of two clubs**. This will not include admission and Life Membership Fees.
  - (c) The Company shall provide a **car with driver** at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
  - (d) The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence telephone at the entire cost of the Company. Personal long distance calls be billed by the Company.
  - (e) **One Month's** privilege leaves for every eleven-month's service.
  - (f) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and **Mr. Kaushal Soparkar**.

The value of the above perquisites shall be evaluated as per Income-Tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, and shall be subject to an overall annual ceiling of an amount equal to the Salary for the relevant period.

- 3) The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

**2. Reimbursement:**

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

**3. Performance Bonus :**

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year and approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under Section 198 of the Companies Act, 2013. The net profits for the purpose of this clause shall be calculated in

**NOTICE**

accordance with Section 198 of the Companies Act, 2013.

**4. Other Terms:**

**Mr. Kaushal Soparkar** shall, subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company relating to **day today operations of Caustic/Chlorine Complex**. He shall not be paid any sitting fee for attending meetings of the Board or Committee thereof. **Mr. Kaushal Soparkar** shall be liable to retire by rotation.

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance based Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Kaushal Soparkar** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013."

**"RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new Act or amendments thereto or the Rules and notifications issued thereunder."

**"RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable to **Mr. Kaushal Soparkar** shall be as per limit prescribed in Schedule V of the Companies Act 2013."

**"RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment consent of the shareholders be and is hereby accorded in terms of Section 197(10) of the Companies Act, 2013 for Waiver of recovery of excess remuneration paid over and above the limits specified u/s 197 and 198 and other applicable provision read with Schedule V of the Companies Act, 2013, subject to approval of Central Government."

**"RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary of the Company be and are hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide break up of the remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be in the best interest of the Company.

10) To Consider and if thought fit to pass the following resolution with or without modification as **Special Resolution:-**

**APPOINTMENT OF MR. KARANA PATEL AS EXECUTIVE DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 188 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (of the "Act"), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force), Article of Association of the Company, subject to approval of members and such other approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee the consent of the Board of Directors be and is hereby accorded for the appointment of **Mr. Karana Patel**, as **Executive Director** of the Company, for a period of **Five years with effect from 01 April, 2017** on the terms and conditions as to salary, commission and perquisites (hereinafter referred to as "remuneration"), as set out herein below: -

**1. BASIC SALARY: ₹ 3, 00,000/- Per Month**

1) In addition to Salary he shall be eligible for the following perquisites which shall not be included in the computation of the Ceiling on remuneration specified in Section II and Section III of Schedule V of the Companies Act, 2013 :

(a) The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act.

## NOTICE

- (b) The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time.
- (c) Encashment of leave at the end of tenure.
- 2) In addition, the following perquisites shall be paid to **Mr. Karana Patel, Executive Director**
  - (a) Mediclaim and Personal Accident Insurance Policy as per the rules of the Company.
  - (b) Club Fee: - Fees of Club subject to a **maximum of two clubs**. This will not include admission and Life Membership Fees.
  - (c) The Company shall provide a **car with driver** at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
  - (d) The Company shall provide communication devices such as telephones, audio and video conference facilities etc. at the residence telephone at the entire cost of the Company. Personal long distance calls be billed by the Company.
  - (e) **One Month's privilege leaves** for every eleven-month's service.
  - (f) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and **Mr. Karana Patel**.

The value of the above perquisites shall be evaluated as per Income-Tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, and shall be subject to an overall annual ceiling of an amount equal to the Salary for the relevant period.

- 3) The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

## 2. Reimbursement:

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

## 3) Performance Bonus :

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year and approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under Section 198 of the Companies Act, 2013. The net profits for the purpose of this clause shall be calculated in accordance with section 198 of the Companies Act, 2013.

## 4) Other Terms:

**Mr. Karana Patel** shall, subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company relating to **Purchase**. He shall not be paid any sitting fee for attending meetings of the Board or Committee thereof. **Mr. Karana Patel** shall be liable to retire by rotation.

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance based Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Karana Patel** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013."

**"RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new Act or amendments thereto or the Rules and notifications issued there under."

**"RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment, the

**NOTICE**

remuneration payable to **Mr. Karana Patel** shall be as per limit prescribed in Schedule V of the Companies Act 2013.”

**"RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment consent of the shareholders be and is hereby accorded in terms of Section 197(10) of the Companies Act, 2013 for waiver of recovery of excess remuneration paid over and above the limits specified u/s 197 and 198 and other applicable provision read with Schedule V of the Companies Act, 2013, subject to approval of Central Government.”

**"RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide break up of the remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be in the best interest of the Company.

- 11) To Consider and if thought fit to pass the following resolution with or without modification as **Special Resolution:-**

**APPOINTMENT OF MR. ANKIT PATEL AS EXECUTIVE DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 188 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (of the “Act”), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force), Article of Association of the Company, subject to approval of members and such other approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee the consent of the Board of Directors be and is hereby accorded for the appointment of **Mr. Ankit Patel**, as **Executive Director** of the Company, for a period of **Five years with effect from 01 April, 2017** on the terms and conditions as to salary, commission and perquisites (hereinafter referred to as “remuneration”), as set out herein below: -

**1. BASIC SALARY: ₹ 3, 00,000/- Per Month**

- 1) In addition to Salary he shall be eligible for the following perquisites which shall not be included in the computation of the Ceiling on remuneration specified in Section II and Section III of Schedule V of the Companies Act, 2013 :
  - (a) The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act.
  - (b) The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time.
  - (c) Encashment of leave at the end of tenure.
- 2) In addition, the following perquisites shall be paid to **Mr. Ankit Patel, Executive Director**
  - (a) Mediclaim and Personal Accident Insurance Policy as per the rules of the Company.
  - (b) Club Fee: - Fees of Club subject to a maximum of **two clubs**. This will not include admission and Life Membership Fees.
  - (c) The Company shall provide a **car with driver** at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
  - (d) The Company shall provide communication devices such as telephones, audio and video conference facilities etc., at the residence telephone at the entire cost of the Company. Personal long distance calls be billed by the Company.
  - (e) **One Month's** privilege leaves for every eleven-month's service.
  - (f) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by



## NOTICE

the Board of Directors and Mr. Ankit Patel.

The value of the above perquisites shall be evaluated as per Income-Tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, and shall be subject to an overall annual ceiling of an amount equal to the Salary for the relevant period.

- 3) The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

### 2. Reimbursement:

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company

### 3. Performance Bonus :

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year and approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under Section 198 of the Companies Act, 2013. The net profits for the purpose of this clause shall be calculated in accordance with Section 198 of the Companies Act, 2013.

### 4. Other Terms:

Mr. Ankit Patel shall, subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company relating to **Finance**. He shall not be paid any sitting fee for attending meetings of the Board or Committee thereof. Mr. Ankit Patel shall be liable to retire by rotation.

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance based Bonus in such manner as the Board in absolute discretion deem fit and acceptable to Mr. Ankit Patel subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013.”

“**RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new Act or amendments thereto or the Rules and notifications issued thereunder.”

“**RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable to Mr. Ankit Patel shall be as per limit prescribed in Schedule V of the Companies Act 2013.”

“**RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment consent of the shareholders be and is hereby accorded in terms of Section 197(10) of the Companies Act, 2013 for waiver of recovery of excess remuneration paid over and above the limits specified u/s 197 and 198 and other applicable provision read with Schedule V of the Companies Act, 2013, subject to approval of Central Government.”

“**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide break up of the remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be in the best interest of the Company.

- 12) To Consider and if thought fit to pass the following resolution with or without modification as **Special Resolution:-**

#### **APPOINTMENT OF MR. DARSHAN PATEL AS EXECUTIVE DIRECTOR OF THE COMPANY**

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 188 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (of the “Act”), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification amendments or re-enactment thereto for the time being in force), Article of Association of the Company, subject to approval of members and such other

## NOTICE

approvals, consents and permission as may be necessary and subject to such modifications, variations, as may be approved and acceptable to the appointee the consent of the Board of Directors be and is hereby accorded for the appointment of **Mr. Darshan Patel**, as **Executive Director** of the Company, for a period of **Five years** with effect from **01 April, 2017** on the terms and conditions as to salary, commission and perquisites (hereinafter referred to as "remuneration"), as set out herein below: -

**1. BASIC SALARY: ₹ 3, 00,000/- Per Month**

- 1) In addition to Salary he shall be eligible for the following perquisites which shall not be included in the computation of the Ceiling on remuneration specified in Section II and Section III of Schedule V of the Companies Act, 2013 :
  - (a) The Company shall make contribution to Provident Fund, Superannuation Fund or Annuity Fund (as per the rules of the Company) to the extent these either singly or put together are not taxable under the Income Tax Act.
  - (b) The Company shall pay gratuity at the rate not exceeding half a month's salary for each completed year of service subject to maximum amount permissible under the Payment of Gratuity Act, 1972 from time to time.
  - (c) Encashment of leave at the end of tenure.
- 2) In addition, the following perquisites shall be paid to **Mr. Darshan Patel- Executive Director**
  - (a) Mediclaim and Personal Accident Insurance Policy as per the rules of the Company.
  - (b) Club Fee: - Fees of Club subject to a **maximum of two clubs**. This will not include admission and Life Membership Fees.
  - (c) The Company shall provide a **car with driver** at the entire cost of the Company for personal use and office work. The Company shall bill use of car for private purposes.
  - (d) The Company shall provide communication devices such as telephones, audio and video conference facilities etc. at the residence telephone at the entire cost of the Company. Personal long distance calls be billed by the Company.
  - (e) **One Month's privilege** leaves for every eleven-month's service.
  - (f) Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and **Mr. Darshan Patel**.

The value of the above perquisites shall be evaluated as per Income-Tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, and shall be subject to an overall annual ceiling of an amount equal to the Salary for the relevant period.

- 3) The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

**2. Reimbursement:**

Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

**3. Performance Bonus :-**

Performance based Bonus calculated on the basis of Net Profit at the end of each financial year and approved by the Board and that the payment of Performance based Bonus should not exceed the ceiling of remuneration prescribed under Section 198 of the Companies Act, 2013. The net profits for the purpose of this clause shall be calculated in accordance with Section 198 of the Companies Act, 2013.

**4. Other Terms:**

**Mr. Darshan Patel** shall, subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company relating to **Human Resource & Administration**. He shall not be paid



## NOTICE

any sitting fee for attending meetings of the Board or Committee thereof. **Mr. Darshan Patel** shall be liable to retire by rotation.

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to increase, alter, and vary the Salary, Perquisites and Performance based Bonus in such manner as the Board in absolute discretion deem fit and acceptable to **Mr. Darshan Patel** subject to the provisions of Section 197 and 198 read with Schedule V of the Companies Act, 2013.”

**“RESOLVED FURTHER THAT** in the event of any re-enactment or modification or re-codification of the Companies Act, 2013 this Resolution shall remain in force and the reference to various provisions of the Companies Act shall be deemed to be substituted by the corresponding provisions of the new Act or amendments thereto or the Rules and notifications issued thereunder.”

**“RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment, the remuneration payable to **Mr. Darshan Patel** shall be as per limit prescribed in Schedule V of the Companies Act 2013.”

**“RESOLVED FURTHER THAT** in case of inadequacy of Profit /Loss during the period of appointment consent of the shareholders be and is hereby accorded in terms of Section 197(10) of the Companies Act, 2013 for waiver of recovery of excess remuneration paid over and above the limits specified u/s 197 and 198 and other applicable provision read with Schedule V of the Companies Act, 2013, subject to approval of Central Government.”

**“RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, as may be considered necessary, desirable or expedient and to settle any question, or doubt that may arise in relation thereto and the Board of Directors shall have absolute powers to decide break up of the remuneration within the maximum permissible limit and in order to give effect to this resolution or as may be considered by it to be in the best interest of the Company.

**Registered Office:**  
Plot No. CH1 & CH 2  
GIDC Dahej, Taluka : Vagra  
Place :- Bharuch  
Date: 04<sup>th</sup> May, 2017

By Order of the Board  
for **MEGHMANI FINECHEM LIMITED**

**Maulik Patel**  
Director  
(DIN 02006947)

## NOTICE

**Notes:**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

- 1) The proxy in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting
- 2) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
- 3) The Explanatory Statement as required under Section 102 of the Companies Act, 2013 in respect of Item No. 5 to 12 is annexed and form part of this Notice.

**NOTICE**  
**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 5**

**APPOINTMENT OF MR. MANUBHAI KHODIDAS PATEL AS DIRECTOR**

Shri Manubhai K. Patel (DIN 00132045), aged 66 years is a member of the Institute of Chartered Accountants of India (ICAI) since 1976.

Shri Manubhai Patel has more than 35 years' of association with Zydus group of Companies. During the tenure, Shri Manubhai Patel was heading Finance and Taxation. Shri Manubhai Patel also has very rich experience, expertise and in-depth insights in the field of Forex, Treasury and Credit Management.

Shri Manubhai Patel was Managing Director of Zydus Technologies Limited and also held the position of Nominee Director of Zydus Wellness Limited and Violio Pharma Private Limited.

Shri Manubhai is Director in GVFL Trustee Company Private Limited, Meghmani Industries Limited, Paryavaran Edutech, Zydus BSV Pharma Private Limited, Dial for Health Unity Limited and ACME Diet Care Private Limited.

As required, under Section 160 of the Companies Act, 2013, the Company has received a Notice from the Members proposing the name of Mr. Manubhai K. Patel as a candidate for the office of the Director of the Company.

Keeping in view of vast experience, expertise, and knowledge in the Field of Finance and Taxation of Shri Manubhai Patel your directors recommend for the appointment of Mr. Manubhai K. Patel as Director of the Company under Item No. 5 of the Notice a Special Resolution.

No one of the Directors except Mr. Manubhai K. Patel is interested or concerned in the resolution.

**Item No. 6**

**PAYMENT OF COMMISSION TO NON EXECUTIVE DIRECTORS**

The Company has not appointed Managing Director, Joint Managing Director and Whole-time Director to carry out day to day operations the Company. The Company is administered by the various Committees of the Directors. The Members of the Committee are not paid any remuneration. To compensate for the services rendered, the Board of Directors has decided to pay the remuneration in form of commission subject to such aggregate commission amount not exceeding 3% (Three percent) per annum of the Net Profits of the Company for the Financial Year 2016-17, computed in accordance with the applicable provisions of the Companies Act, 2013.

This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Companies Act, 2013. This remuneration shall be in addition to fees payable to the Directors for attending the meetings of the Board or Committee thereof as may be decided by the Board and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Directors of the Company other than Managing Director, Joint Managing Director and Whole time Directors as set out in the Resolution at Item No. 6 of the Notice.

All the Directors of the Company shall be deemed to be concerned or interested in resolution as set out at Item No. 6 of the Notice to the extent of the remuneration that may be received by them in future years.

**Item No. 7**

**APPOINTMENT OF COST AUDITOR**

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s K V Melwani & Associates, Cost Accountants (Registration No. 100497), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified and approved by the Members of the Company.

**NOTICE**

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at Item No. 7 for approval of the remuneration amounting to ₹ 1,00,000/- per annum plus applicable service tax and out of pocket expenses payable to the Cost Auditors for the financial year ending on 31st March, 2018. The Board accordingly recommends the resolution at Item No. 7 of this Notice for the approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in the resolution at Item No. 7 of this Notice.

**Item No. 8 to 12****APPOINTMENT OF CHAIRMAN & MANAGING DIRECTOR, MANAGING DIRECTOR AND EXECUTIVE DIRECTORS FOR A PERIOD OF FIVE YEARS WITH EFFECT FROM 01 APRIL, 2017**

The Company is in process of setting up Chloromethane Project of ₹ 140 Crores and has planned to set up Hydrogen Peroxide project combined with Caustic Soda capacity expansion and increase in Captive Power Plant Capacity with aggregate project cost of ₹ 400 Crore. As the Company is in expansion mode, it is necessary to appoint Managing Director and Executive Directors for effective implementation and timely completion of project and also to carry out smooth functioning of day to day operations of the Company.

The Board considered the matter of appointment of Mr. Maulik Patel as Chairman and Managing Director, Mr. Kaushal Soparkar as Managing Director and Mr. Karana Patel, Mr. Ankit Patel and Mr. Darshan Patel as Executive Directors of the Company for a period of 5 years with effect from 01 April, 2017 at an aggregate remuneration as per the ceiling of 10% of the Net Profit of the Company prescribed under the Companies Act, 2013.

Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Karana Patel, Mr. Ankit Patel and Mr. Darshan Patel are interested or concerned in the resolution.

**Registered Office:**  
Plot No. CH1 & CH 2  
GIDC Dahej, Taluka : Vagra  
Place :- Bharuch  
Date: 04<sup>th</sup> May, 2017

By Order of the Board  
for **MEGHMANI FINECHEM LIMITED**

**Maulik Patel**  
Director  
(DIN 02006947)