*Chemistry of success at work*

# ANNUAL REPORT 2017-2018

MFL

MEGHMANI FINECHEM LIMITED

## CONTENTS

# CORPORATE INFORMATION

| | |
|---|---|
| **BOARD OF DIRECTORS** | Mr. Maulik Patel- Chairman & Managing Director<br>Mr. Kaushal Soparkar –Managing Director<br>Mr. Karana Patel –Executive Director<br>Mr. Ankit Patel – Executive Director<br>Mr. Darshan Patel – Executive Director<br>Mr. Chinubhai Shah – Independent Director (Resigned on 14.05.2018)<br>Mr. Balkrishna Thakkar – Independent Director<br>Mr. Manubhai Patel – Independent Director<br>Ms. Nirali Parikh – Independent Director |
| **AUDIT COMMITTEE** | Mr. Manubhai Patel - Chairman<br>Mr. Chinubhai Shah - Member (Resigned on 14.05.2018)<br>Mr. Balkrishna Thakkar - Member<br>Mr. Kaushal Soparkar - Member |
| **NOMINATION & REMUNERATION COMMITEE** | Mr. Chinubhai Shah -Chairman (Resigned on 14.05.2018)<br>Mr. Balkrishna Thakkar - Chairman<br>Mr. Maulik Patel -Member<br>Mr. Manubhai Patel (Appointed on 19.05.2018) |
| **COMPANY SECRETARY** | Mr. K. D. Mehta |
| **CHIEF FINANCIAL OFFICER** | Mr. Sanjay Jain |
| **REGISTERED OFFICE & PLANT LOCATION** | Plot No.CH1/CH2,<br>GIDC Industrial Estate, Dahej,<br>Tal. Vagara,<br>Dist. Bharuch 392 130,<br>Gujarat, India. |
| **CORPORATE OFFICE** | “Meghmani House”,<br>B/h Safal Profitaire, Corporate Road,<br>Nr. Auda Garden, Prahlad Nagar,<br>Ahmedabad – 380 015,<br>Gujarat, India.<br>helpdesk@meghmani.com |

# CORPORATE INFORMATION

**PRINCIPAL BANKERS**

**ICICI Bank Limited**
JMC House, Opp. Parimal Garden,
Ambawadi, Ahmedabad 380 009.

**HDFC Bank Limited**
Ground Floor, Astral Tower,
Near Mithakali Six Roads,
Navarangpura, Ahmedabad 380 009.

**Standard Chartered Bank**
Mithakali Branch Ground Floor,
Abhijeet -2, Nr. Mithakali Six Roads,
Ahmedabad 380 006.

**International Finance Corporation**
2121 Pennsylvania Avenue, N.W.
Washington D.C. 20433, USA

**STATUTORY AUDITOR**

**S R B C & CO LLP**
Assurance Services
2nd Floor, Shivalik Ishan,
Near C.N. Vidhyalaya,
Ambawadi, Ahmedabad – 380 015

**INTERNAL AUDITOR**

**C N K Khandwala & Associates**
Chartered Accountants,
2nd Floor, “HRISHIKESH”,
Vasantbaug Society,
Opposite Water Tank,
Gulbai Tekra,
Ahmedabad – 380006

# DIRECTORS' REPORT

**To,**

**The Members,**
Meghmani Finechem Limited

Your Directors have pleasure in presenting Eleventh Annual Report and Audited Financial Statement of the Company for the Financial Year ended on **31st March, 2018.**

## FINANCIAL RESULTS

**(₹ in Lakhs )**

| PARTICULARS | YEAR ENDED ON 31st MARCH, 2018 | YEAR ENDED ON 31st MARCH, 2017 |
|---|---|---|
| Revenue from Operations (Net of Excise Duty) | 59751.75 | 39205.92 |
| Other Income | 412.63 | 86.38 |
| **Total Revenue** | **60164.38** | **39292.30** |
| **Profit before Finance Cost & Depreciation** | **25940.99** | **14492.59** |
| Finance Cost | 896.97 | 1444.93 |
| Depreciation | 5527.15 | 5543.01 |
| **Profit Before Tax** | **19516.87** | **7504.65** |
| Payment & Provision of Current Tax | 5651.87 | 1701.00 |
| Deferred Tax (Expenses)/Income | (439.84) | 1486.66 |
| Short/ (Excess) Provision of Tax of earlier years | 61.74 | - |
| Tax Credit Entitlement | (1304.35) | (2337.00) |
| **Profit After Tax** | **15547.45** | **6653.99** |

1. **STATE OF COMPANY'S AFFAIRS**

The Company is in the business of manufacturing of Caustic-Chlorine and Caustic Potash. This is the historical year of the Company where the Company has witnessed remarkable growth in sales and has achieved profitability to set the new land mark. The operating results of the Company are given hereunder:-

1) **REVENUE FROM OPERATIONS:-**

The Revenue from Operations of the Company has increased by ₹ **20,545.83 Lakhs** i.e. from ₹ **39,205.92 Lakhs** in FY 2017 to ₹ **59,751.75 Lakhs** in FY 2018, mainly due to high quantity sales and increase in ECU (Electro Chemical Unit) realization.

2) **OTHER INCOME :-**

Other Income increased by ₹ **326.24 Lakhs** from ₹ **86.38 Lakhs** in FY 2017 to ₹ **412.63 Lakhs** in FY 2018. The increase in other income is mainly due to Net Gain on Sale of Current Investments in Mutual Fund and Interest on Deposits with Bank.

3) **EARNING BEFORE DEPRECIATION INTEREST AND TAX (EBDITA):-**

EBDITA has increased by ₹ **11,448.40 Lakhs** from ₹ **14,492.59 Lakhs** in FY 2017 to ₹ **25,940.99 Lakhs** in FY 2018.

4) **PROFITABILITY :-**

Profit before Tax (PBT) has increased by ₹ **12,012.22 Lakhs** from ₹ **7504.65 Lakhs** in FY 2017 to ₹ **19516.87 Lakhs** in FY 2018. The reasons for increase in PBT are:-

(i) Increase in Revenue from Operations by ₹ **20,545.83 Lakhs**

(ii) Decrease in Finance Cost by ₹ **547.96 Lakhs**

## DIRECTORS' REPORT

**2. DIVIDEND**

Your Directors in view of the expansion plan of the Company have considered it prudent to reinvest the profits into the business of the Company. Therefore, no final dividend has been recommended for FY 2017-18.

**3. SHARE CAPITAL**

The paid up Equity Share Capital as on March 31, 2018 was ₹ **7,076 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+ / Stable (Upgraded from CRISIL A / Stable)** for its various bank facility of ₹ **22,000 Lakhs** by CRISIL Limited (Rating Agency) vide its letter dated May 17, 2018.

**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 attached to this report as **"Annexure- A"**.

**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 attached to this report herewith as **"Annexure B"**.

**8. MEETINGS:- BOARD MEETINGS**

During the year, Five Board meetings were convened and held respectively on 04/05/2017, 18/05/2017, 01/08/2017, 01/11/2017 and 30/01/2018 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 04/05/2017, 01/08/2017, 01/11/2017 and 30/01/2018.

**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 following projects:-

- To set up Hydrogen Peroxide (100% basis) project of **90 TPD.**
- To increase production capacity of Caustic by **300 TPD** by using Zero Gap Membrane Cell Technology.
- To increase Captive Power Plant capacity from **60 MW to 96 MW** to operate the additional plant capacities of Hydrogen Peroxide and Caustic capacity.

  The Cost of the above projects is estimated at ₹ **55,000 Lakhs** and will be funded from Internal Accruals and Term Loan. The Company expects to increase Turnover of ₹ **30,000 Lakhs** in full Financial Year **(i.e. FY 2020-21**).

# DIRECTORS' REPORT

**12. INSURANCE:-**

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

The Company has insurance coverage for Product liability and Public liability. The Company has also taken Directors' and Officers' Liability (D & O) Policy.

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

All Related Party Transactions entered during the financial year were on an Arm's Length Basis and were in the ordinary course of business. The Company has not entered in to materially significant transactions with related parties, Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

During the year, all related party transactions were placed before the Audit Committee and also the Board for approval. The Company had obtained 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**

**(1) IFC – EXIT :-**

In the year 2008, International Finance Corporation (IFC), a member of the World Bank Group, has invested ₹ **4,610 Lakhs** by way of subscribing to equity shares for setting up of a cutting edge environmental-friendly Caustic Chlorine Project using energy efficient membrane cell technology as a strategic investor in the Company.

In the year 2012, IFC further invested ₹ **690 Lakhs** by subscribing to equity Shares offered on Rights basis to meet with the fund requirement of the Company to expand the capacity of the Caustic Plant.

On 26th April, 2018, Meghmani Agrochemicals Private Limited (MAPL), a wholly-owned subsidiary of Meghmani Organics Limited (MOL) gave successful exit to International Finance Corporation (IFC). MAPL acquired **24.97%** equity stake held by IFC in the Company for a consideration of ₹ **22,120 Lakhs**.

**(2) ISSUE OF WARRANT SHARES:-**

The Subscription Agreement executed in 2008 had provided for issuance of Warrants to IFC at a cost and Promoters as a success fee for early implementation of Plant.

As IFC was exiting, it considered the proposal to issue warrant shares of ₹ 1500 Lakhs to Promoters as a success fee.

Accordingly, 50,00,000 Warrant Shares at ₹ 30 each aggregating ₹ 1500 Lakhs as success fee was issued to Promoters on 26th April, 2018. As a result the paid up Equity Share Capital has increased to ₹ 7576 Lakhs

**15. DIRECTORS:-**

**Directors coming up for retirement by rotation:-**

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

**Appointment of Executive Directors:-**

As per the resolution passed by the Members at the last Annual General meeting held on 15th July, 2017, the following Directors were inducted as working Directors for a period of 5 (five) years with effect from 01st April, 2017:

| Sr. No. | Name | Designation |
|---|---|---|
| 1. | Mr. Maulik Patel | Chairman & Managing Director |
| 2. | Mr. Kaushal Soparkar | Managing Director |
| 3. | Mr. Karana Patel | Executive Director |
| 4. | Mr. Ankit Patel | Executive Director |
| 5. | Mr. Darshan Patel | Executive Director |

## DIRECTORS' REPORT

**Changes in Directors -**

Mr. Manubhai Patel was appointed as an Independent Director while Dr. Arvind Patel resigned as an Independent Director, on 18th May, 2017.

**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.

**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. Kaushal Soparkar – CEO
2. Mr. Kamlesh Mehta – Company Secretary
3. Mr. Sanjay Jain – CFO

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

The Company has in its 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 Finance 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.

**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 an amount of ₹ 296.10 Lakhs amount towards the CSR activities during Financial Year 2017-18. The CSR amount for the Financial Year 2017-18 works out to ₹ 136.82 Lakhs.

The unspent CSR amount of ₹ 106.94 Lakhs till 31.03.2018 will be spent in the Financial Year 2018-19 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.

# DIRECTORS' REPORT

**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.

All the Executive Directors (i.e. Executive Chairman/MD/Whole-time Director) has been paid 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.

**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. SRBC & Co LLP, Chartered Accountants, Ahmedabad (Firm Regn. No. 324982E / E 300003) was appointed as Statutory Auditors at the Annual General Meeting held on 27th July, 2017 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). Accordingly, a resolution for member approval is placed for the ratification of appointment of Statutory Auditors for the FY 2018-19.

**(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 2017-18 is appended to this report.

**(C) 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 2017-18 on a remuneration of Rs.1,20,000/- 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.

# DIRECTORS' REPORT

Accordingly, a Resolution seeking Member's approval for the remuneration payable to M/s Koushalya V Melwani, Cost Accountants is included at Item No. 5 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, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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, 2018 and of the profit of the Company for the period ended on 31st March, 2018.

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**

**Maulik Patel**
**Chairman & Managing Director**
**Director**
**(DIN–2006947)**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

# ANNEXURE-A

**CONSERVATION OF ENERGY:**

| | | |
|---|---|---|
| A | Energy Conservation measure taken | • Installation of Mini Back Pressure Turbine<br>• Installation of Variable Frequency Drive (VFD) for Boiler and Turbine auxiliaries |
| B | Additional Investment implemented for reduction in consumption of energy. | • Investment of ₹ 65 Lakhs for Mini Back Pressure Turbine.<br>• Investment of ₹ 17 Lakhs for VFD's |
| C | Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production. | • Mini Back Pressure Turbine Units Generated 829125 kw / Year<br>• 87.8 kwh Auxiliary Power Saved in Boiler and Turbine. |
| D | Energy Conservation measure taken | Adoption of new Technology from Blue Star- China for conversion of Membrane to Zero Gap for 5th Electrolyser |
| E | Additional Investment implemented for reduction in consumption of energy. | • Investment of ₹ 375 Lakhs for conversion of existing membrane to Zero Gap |
| F | Impact of measures at (D) & (E) above for reduction of energy consumption and consequent impact on the cost of production. | • Saving energy unit of 57790 KWH units/day<br>• Reduction in Cost of Production |
| G | Total energy consumption and energy consumption per unit of production. | • Total units consumed 396075829 KWH<br>• Total Production 161674 MT (KOH+NaOH)<br>Caustic Soda -2498 Unit/MT<br>Caustic Potash-1959 Unit/MT |

# FORM A

## Form for disclosure of particulars with respect to Conservation of Energy 1st April, 2017 to 31st March, 2018

| Particulars | | 2017-2018 | 2016-2017 |
|---|---|---|---|
| **A. Power Consumption** | | | |
| 1 Electricity Consumption | | | |
| (a) Purchased | | | |
| Unit | KWH | 6108720 | 3228 |
| Total Amount | ₹ | 61.66 Lakhs | 8.16 Lakhs |
| Rate/Unit | ₹ | 10.02 | 252.08 |
| (b) Own Generation | | | |
| Through Diesel Generator | | | |
| Unit | KWH | 19861 | 142302 |
| Unit per Liter of Diesel | KWH/Ltr | 2.67 | 3.44 |
| Cost/Unit | ₹ | 22.67/unit | 16.68/unit |
| (c) Through Coal | | | |
| Unit- | KWH | 443783295 | 422045417 |
| Unit per of coal | KWH/ Kg of Coal | 1.31 | 1.28 |
| Coal Cost/Unit | ₹ | 3.72/unit | 2.98/unit |
| 2 Coal | | | |
| Steam Generated | MT | 2059621 | 1923584 |
| Consumption of Coal | MT | 339113 | 334025 |
| Coal Cost of Steam per unit (kg) | ₹ | 0.80/unit | 0.65/unit |
| Steam Purchase | | - | - |
| 3 Others/internal Generations | | - | - |

# FORM-B

## TECHNOLOGY ABSORPTION:

## Form for disclosure of particulars with respect to Technology Absorption

**A. Research & Development (R&D)**

| | | | |
|---|---|---|---|
| 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. | : | • Existing Pressure Reducing and De superheating System (PRDS) was replaced by Mini Back Pressure Turbine. Steam Pressure reduced from 21 kg/cm2 to 12 kg/cm2 as per process requirement.<br>This pressure reduction through Turbine is generating power at max O/P of 250 Kwh.<br>• By installing VFD, process flow regulations where shifted from throttling valves / dampers to regulating speed of drive which result in saving of electrical energy.<br>• From Mini Turbine Coal saving of 570 MT/annum worth ₹ 26.58 Lakhs<br>• From VFD's Coal saving of 614 MT/annum worth ₹ 28.66 Lakhs. |
| B | Benefits derived as a result of the above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution etc. | : | Cost Reduction. |

**Foreign Exchange Earnings and Outgo:** as on 31st March 2018.

The particulars with regards to :-

| | |
|---|---|
| Foreign Exchange Earnings | ₹ 2936.85 Lakhs |
| Foreign Exchange Outgo | ₹ 7946.06 Lakhs |

**For and on behalf of the Board**
**Maulik Patel**
**Chairman & Managing Director**
**(DIN –2006947 )**

**PLACE: AHMEDABAD**
**DATE : 19TH MAY, 2018**

# ANNEXURE- B

# EXTRACT OF ANNUAL RETURN

**(As on the financial year ended 31.03.2018)**

[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

| | |
|---|---|
| **I. Registration and other details** | |
| 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- 91-2641-256677 |
| Whether Listed Company | No |
| Name, address and contact details of the Registrar and Transfer Agent, if any | Not Applicable |

**II. Principal Business Activities of the Company**

**All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated.**

| Name & Description of main Products/Services | NIC Code of the Product/ Service | % of total turnover of the Company |
|---|---|---|
| Caustic Soda | 20119 | 87.00 |
| Caustic Potash | 20119 | 13.00 |
| Others | - | 0.00 |

**III. Particulars of Holding, Subsidiary & Associate Companies**

| Sr. No | Name & Address of the Company | CIN/GIN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Meghmani Organics Limited | L24110GJ1995PLC024052 | Associate | 33.28 | 2(6) |
| 2 | Meghmani Agrochemicals Private Limited | U24299GJ2017PTC098804 | Associate | 23.88 | 2(6) |

## 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)** | **SHAREHOLDING OF PROMOTER & PROMOTER GROUP (2)** | | | | | | | | | |
| **1** | **INDIAN** | | | | | | | | | |
| (a) | INDIVIDUAL | - | 4,170,873 | 4,170,873 | 5.89% | - | 4,170,873 | 4,170,873 | 5.89% | 0.00% |
| (b) | CENTRAL / STATE GOVERNMENT(S) | - | - | - | - | - | - | - | - | - |
| (c) | BODIES CORPORATE | - | 40,446,820 | 40,446,820 | 57.16% | - | 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 | 11.98% | - | 8,476,256 | 8,476,256 | 11.98% | 0.00% |
| | **SUB TOTAL : (A) 1** | **-** | **53,093,949** | **53,093,949** | **75.03%** | **-** | **53,093,949** | **53,093,949** | **75.03%** | **0.00%** |
| **2** | **FOREIGN** | | | | | | | | | |
| (a) | INDIVIDUAL | - | - | - | - | - | - | - | - | - |
| (b) | BODIES CORPORATE | - | - | - | - | - | - | - | - | - |
| (c) | INSTITUTIONS | - | - | - | - | - | - | - | - | - |
| (d) | QUALIFIED FOREIGN INVESTOR CORPORATE | - | - | - | - | - | - | - | - | - |
| (e) | ANY OTHER | - | - | - | - | - | - | - | - | - |
| | **SUB TOTAL : (A) 2** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **(A)** | **TOTAL HOLDING FOR PROMOTERS :(A) 1 + (A) 2** | **-** | **53,093,949** | **53,093,949** | **75.03%** | **-** | **53,093,949** | **53,093,949** | **75.03%** | **0.00%** |

## 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 | PUBLIC SHAREHOLDING (3) | - | - | - | - | - | - | - | - | - |
| **1** | **INSTITUTIONS** | - | - | - | - | - | - | - | - | - |
| (a) | MUTUAL FUNDS / UTI | - | - | - | - | - | - | - | - | - |
| (b) | FINANCIAL INSTITUTIONS / BANKS | - | 17,666,050 | 17,666,050 | 24.97% | - | 17,666,050 | 17,666,050 | 24.97% | 0.00% |
| (c) | CENTRAL / STATE GOVERNMENT(S) | - | - | - | - | - | - | - | - | - |
| (d) | VENTURE CAPITAL FUNDS | - | - | - | - | - | - | - | - | - |
| (e) | INSURANCE COMPANIES | - | - | - | - | - | - | - | - | - |
| (f) | FOREIGN INSTUTIONAL INVESTORS | - | - | - | - | - | - | - | - | - |
| (g) | FOREIGN VENTURE CAPITAL | - | - | - | - | - | - | - | - | - |
| (h) | QUALIFIED FOREIGN INVESTOR CORPORATE | - | - | - | - | - | - | - | - | - |
| (i) | ANY OTHER (SPECIFY) | - | - | - | - | - | - | - | - | - |
| | **SUB TOTAL : B (1)** | **-** | **17,666,050** | **17,666,050** | **24.97%** | **-** | **17,666,050** | **17,666,050** | **24.97%** | **0.00%** |
| **2** | **NON-INSTITUTIONS** | - | - | - | - | - | - | - | - | - |
| (a) | BODIES CORPORATE | - | - | - | - | - | - | - | - | - |
| (b) | INDIVIDUAL (CAPITAL <= ₹ 1 LAKH) | - | - | - | - | - | - | - | - | - |
| (b) | INDIVIDUAL (CAPITAL > ₹ 1 LAKH) | - | - | - | - | - | - | - | - | - |
| (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 | - | - | - | - | - | - | - | - | - |
| | **SUB TOTAL : B (2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

## IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

| Category Code | Category Of Share Holder | No. of Shares held at the begining 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%** | **0.00%** |

**(i) Shareholdings of Promoters**

| Shareholders Name | Shareholding at the beginning of the year 01.04.2017 | | | Shareholding at the end of the year 31.03.2018 | | | % 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 01.04.2017 | | | Cumulative Shareholding during the year (2017-18) | |
|---|---|---|---|---|
| | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| At the beginning of the year | Refer (ii) Shareholding of Promoters | | | |
| Date wise Increase/ Decrease in Promoters Shareholding during the year with reasons for change | | | | |
| 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 01.04.2017 | | Cumulative Shareholding during the year (2017-18) | |
|---|---|---|---|---|
| | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| International Finance Corporation | 17,666,050 | 24.97% | 17,666,050 | 24.97% |
| Meghmani Organic Limited | 40,446,820 | 57.16% | 23,545,985 | 33.28% |
| Meghmani Agrochemicals Private Limited | - | - | 16,900,835 | 23.88% |
| Kalpanaben Patel | 442,609 | 1% | 442,609 | 1% |
| Disha Patel | 344,890 | 0% | 344,890 | 0% |
| Taraben Patel | 316,150 | 0% | 316,150 | 0% |
| Kruti Patel | 316,150 | 0% | 316,150 | 0% |
| Nayana Soparkar | 316,150 | 0% | 316,150 | 0% |
| Vaishakhi Patel | 316,149 | 0% | 316,149 | 0% |

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

| For each of Directors and KMP | Shareholding at the beginning of the year 01.04.2017 | | Cumulative Shareholding at the end of the year 31.03.2018 | |
|---|---|---|---|---|
| | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| Mr. Maulik Patel | 1,897,012 | 3.00% | 18,97,012 | 3.00% |
| Mr. Kaushal Soparkar | 1,580,747 | 2.00% | 15,80,747 | 2.00% |
| Mr. Ankit Patel | 1,609,503 | 2.00% | 16,09,503 | 2.00% |
| Mr. Karana Patel | 505,954 | 1.00% | 505,954 | 1.00% |
| Mr. Darshan Patel | 94,960 | 0.13% | 94,960 | 0.13% |
| Mr. Balkrishna Thakkar | - | - | - | - |
| Mr. Chinubhai Shah | - | - | - | - |
| Dr. Arvind Patel | - | - | - | - |
| Ms. Nirali Parikh | - | - | - | - |
| Mr. Kamlesh 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 |
|---|---|---|---|---|
| **Indebtedness at the beginning of the Financial Year** | | | | |
| i) Principal Amount | 10,914.81 | - | - | 10,914.81 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 67.87 | - | - | 67.87 |
| **Total (i+ii+iii)** | **10,982.68** | **-** | **-** | **10,982.68** |
| **Change in Indebtedness during the Financial Year** | | | | |
| Addition | - | - | - | - |
| Reduction | 6,786.78 | - | - | 6,786.78 |
| **Net Change** | **6,786.78** | **-** | **-** | **6,786.78** |
| **Indebtedness at the end of the Financial Year** | | | | |
| i) Principal Amount | 4,128.03 | - | - | 4,128.03 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.69 | - | - | 0.69 |
| **Total (i+ii+iii)** | **4,128.72** | **-** | **-** | **4,128.72** |

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

**A. Remuneration to Managing Directors, Whole-time Directors and/or Manager** (₹ In Lakhs)

| Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---|---|---|---|---|---|---|
| **Gross Salary** | **Maulik Patel** | **Kaushal Soparkar** | **Ankit Patel** | **Karana Patel** | **Darshan Patel** | |
| Salary as per provisions of Section 17(1) of the Income Tax Act, 1961 | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 180.00 |
| Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | 0.29 | 0.29 | 0.29 | 0.29 | 0.29 | 1.45 |
| Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | - | - | - | - | - |
| Stock Options | - | - | - | - | - | - |
| Sweat Equity | - | - | - | - | - | - |
| Commission ( as % of Profit) | 49.75 | 49.75 | 49.75 | 29.85 | 19.90 | 199.00 |
| Others | - | - | - | - | - | - |
| **Total (A)** | **86.04** | **86.04** | **86.04** | **66.14** | **56.19** | **380.45** |

**Remuneration to other Non –Executive Independent Directors** (₹ In Lakhs)

| Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---|---|---|---|---|---|---|
| | **Mr. B. T. Thakkar** | **Mr. C. R. Shah** | **Dr. A. K. Patel** | **Mr. M. K. Patel** | **Ms Nirali Parikh** | |
| Fees for attending Board/ Committee Meetings | 2.50 | 2.25 | 0.50 | 1.00 | 1.25 | 7.50 |
| Commission | - | - | - | | - | - |
| Others, Please Specify | - | - | - | | - | - |
| **Total (B)** | **2.50** | **2.25** | **0.50** | **1.00** | **1.25** | **7.50** |

**B. Remuneration to Key Managerial Personnel other than MDs/EDs** (₹ In Lakhs)

| Particulars of Remuneration | Key Managerial Personnel (KMP) | | |
|---|---|---|---|
| | **Mr. K. D. Mehta Company Secretary (CS)** | **Mr. Sanjay Jain Chief Financial Officer (CFO)** | **Total Amount** |
| Gross Salary | | | |
| Salary as per provisions of Section 17(1) of the Income Tax Act, 1961 | - | 27.84 | 27.84 |
| 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 | - | - | - |
| **Total (C)** | **-** | **27.84** | **27.84** |

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

* * * *

# FORM NO. MR-3

## SECRETARIAL AUDIT REPORT
### FOR THE FINANCIAL YEAR ENDED ON 31.03.2018

[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, 2018 ("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, 2018** 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 **(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 **(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: 19TH MAY, 2018**

**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 GOODS AND SERVICES TAX ACT, 2016

(3) INCOME TAX ACT, 1961

(4) PROFESSIONAL TAX

(5) NEGOTIABLE INSTRUMENT ACT

(6) THE FACTORIES ACT, 1948

(7) THE APPRENTICE ACT, 1961

(8) THE INDUSTRIAL DISPUTE ACT, 1947

(9) THE PAYMENT WAGES ACT, 1965

(10) THE PAYMENT OF BONUS ACT

(11) THE PAYMENT OF GRATUITY ACT

(12) THE MINIMUM WAGES ACT, 1946

(13) THE TRADE UNION ACT, 1926

(14) THE EMPLOYMENT EXCHANGE ACT 1952

(15) THE EMPLOYEES PROVIDENT FUND & MISC. PROVISIONS ACT

(16) INDIAN STAMP ACT

(17) THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992

(18) CUSTOMS ACT, 1962

**PLACE: AHMEDABAD**
**DATE: 19TH MAY, 2018**

**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 Ind AS Financial Statements**

We have audited the accompanying Ind AS Financial Statements of **Meghmani Finechem Limited** ("the Company"), which comprise the **Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended,** and a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as Ind AS Financial Statements).

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income, Cash Flows and Changes in Equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We have conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 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 Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its Profit including Other Comprehensive Income, its Cash Flows and the Changes in Equity for the year ended on that date.

**Other Matter**

The Ind AS Financial Statements of the Company for the year ended March 31, 2017, included in these Ind AS Financial Statements, were audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 04, 2017.

## INDEPENDENT AUDITORS' REPORT

**Report on Other Legal and Regulatory Requirements**

1. **As required by the Companies (Auditor's report) Order, 2016** ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. **As required by Section 143 (3) of the Act, we report that:**
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 2" to this report; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements – Refer Note 39 to the Ind AS Financial Statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S R B C & CO LLP**
**CHARTERED ACCOUNTANTS**
**ICAI Firm Registration Number: 324982E / E300003**

**per Sukrut Mehta,**
**Partner**
**Membership Number: 101974**

**PLACE : AHMEDABAD**
**DATE : 19TH MAY, 2018**

**Annexure 1 referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date of Meghmani Finechem Limited for the year ended March 31, 2018.**

a. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(ii) All Fixed Assets have not been physically verified by the management during the year. However, there is a programme of verification in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Material discrepancies noticed on such verification have been properly dealt with in the books of account.

(iii) According to the information and explanations given by the management, the title deeds of immovable properties included in Property, Plant and Equipment are held in the name of the Company.

b. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

c. According to the information and explanations given to us, 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. Accordingly, the provisions of Clause 3(iii) (a),(b) and (c) of the Order are not applicable to the Company and hence not commented upon.

d. In our opinion and according to the information and explanations given to us, no loans, Investments, Guarantees, and Securities has been given by the Company in respect of which provisions of section 185 & 186 of the Act are applicable and hence not commented upon.

e. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the Order are not applicable and hence not commented upon.

f. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of goods, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

g. (i) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods and Service Tax, Professional Tax, Cess and other material statutory dues are generally regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(ii) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Service Tax, Sales-Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(iii) There are no dues of Income-Tax, Sales-Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax and Cess on account of any dispute, except as follows:

| Name of Statute | Nature of Dues | Amount involved (Rs. in Lakhs)* | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Custom Act, 1962 | Custom Duty | 621.83 | 2012-13 | CESTAT |
| The Finance Act (Service Tax), 1994 | Service Tax | 89.43 | 2011-12 to 2014-15 | CESTAT, Departmental Authorities |
| Income Tax Act, 1961 | Income Tax | 40.86 | 2010-11 | Commissioner of Income tax |

* Net of amount paid under protest amounting to Rs. 8.10 Lakhs

h. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings from banks. The Company did not have any due payable to the financial Institutions, Debenture Holders and Government during the year.

i. According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

j. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

k. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

l. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

m. According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS Financial Statements, as required by the applicable accounting standards.

n. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under Clause 3(xiv) are not applicable to the Company and, not commented upon.

o. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.

p. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S R B C & CO LLP**
**CHARTERED ACCOUNTANTS**
**ICAI Firm Registration Number: 324982E / E300003**

**per Sukrut Mehta,**
**Partner**
**Membership Number: 101974**

**PLACE : AHMEDABAD**
**DATE : 19$^{TH}$ MAY, 2018**

**Annexure 2 to the Independent Auditor’s report of even date on the Ind AS 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 (“the Act”)**

We have audited the internal financial controls over financial reporting with reference to the Ind AS Financial Statements of Meghmani Finechem Limited (“the Company”) as of March 31, 2018, in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the 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 Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with respect to these Ind AS Financial Statements 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 as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India and deemed to be prescribed under Section 143(10) of the Act. 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 with reference to these Ind AS Financial Statements 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 over financial reporting with reference to these Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to these Ind AS Financial Statements 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 internal financial controls over financial reporting with reference to these Ind AS Financial Statements.

**Meaning of Internal Financial Controls over Financial Reporting with reference to these Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these Ind AS Financial Statements 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 with reference to these Ind AS Financial Statements 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 with reference to these Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS Financial Statements, 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 with reference to these Ind AS Financial Statements 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 over financial reporting with reference to these Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Ind AS Financial Statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S R B C & CO LLP**
**CHARTERED ACCOUNTANTS**
**ICAI Firm Registration Number: 324982E / E300003**

**per Sukrut Mehta,**
**Partner**
**Membership Number: 101974**

**PLACE : AHMEDABAD**
**DATE : 19TH MAY, 2018**

# BALANCE SHEET AS AT 31st MARCH 2018

(₹ in Lakhs )

| PARTICULARS | Note No. | 31st March 2018 | 31st March 2017 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 3.1 | 34,721.39 | 39,793.60 |
| (b) Capital Work in Progress | 3.2 | 7,880.26 | 309.42 |
| (c) Intangible Assets | 3.3 | 0.04 | 0.04 |
| (d) Financial Assets | | | |
| (i) Investments | 4 | - | 0.10 |
| (ii) Others Financial Assets | 5 | 470.61 | 452.70 |
| (e) Deferred Tax Assets (Net) | 6 | 751.78 | 522.25 |
| (f) Income Tax Assets (Net) | 7 | 49.77 | 111.52 |
| (g) Other Non-Current Assets | 8 | 4,540.55 | 498.05 |
| **Total Non-Current Assets** | | **48,414.40** | **41,687.68** |
| **Current Assets** | | | |
| (a) Inventories | 9 | 2,960.05 | 2,815.17 |
| (b) Financial Assets | | | |
| (i) Investments | 10 | 7,141.81 | 2,852.70 |
| (ii) Trade Receivables | 11 | 7,686.27 | 4,438.76 |
| (iii) Cash and Cash Equivalents | 12 | 7.31 | 8.56 |
| (iv) Bank Balances other than (iii) above | 13 | 500.99 | - |
| (v) Loans | 14 | 21.62 | 6.47 |
| (vi) Other Financial Assets | 15 | 124.94 | 146.31 |
| (c) Other Current Assets | 16 | 226.86 | 800.17 |
| **Total Current Assets** | | **18,669.85** | **11,068.14** |
| | | | |
| **TOTAL ASSETS** | | **67,084.25** | **52,755.82** |
| **II. EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share Capital | 17 | 7,076.00 | 7,076.00 |
| (b) Other Equity | 18 | 44,656.82 | 29,096.07 |
| **Total Equity** | | **51,732.82** | **36,172.07** |
| **Non Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 90.00 | 4,472.88 |
| (ii) Other Financial Liabilities | 20 | - | 14.52 |
| (b) Provisions | 21 | 26.11 | 36.74 |
| **Total Non Current Liabilities** | | **116.11** | **4,524.14** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 22 | 3,335.31 | 1,501.04 |
| (ii) Trade Payables | 23 | 3,315.49 | 1,841.19 |
| (iii) Other Financial Liabilities | 24 | 7,833.71 | 8,289.74 |
| (b) Other Current Liabilities | 25 | 400.15 | 416.65 |
| (c) Provisions | 26 | 3.95 | 1.37 |
| (d) Current Tax Liabilities(Net) | 27 | 346.71 | 9.62 |
| **Total Current Liabilities** | | **15,235.32** | **12,059.61** |
| **Total Liabilities** | | **15,351.43** | **16,583.75** |
| **TOTAL EQUITY AND LIABILITIES** | | **67,084.25** | **52,755.82** |
| Summary of Significant Accounting Policies | 2 | | |
| The accompanying Notes are an integral part of these Financial Statements | | | |

AS PER OUR REPORT OF EVEN DATE

**FOR S R B C & CO LLP**
**CHARTERED ACCOUNTANTS**
**ICAI Firm Regn. No. 324982E / E300003**

**per SUKRUT MEHTA**
**PARTNER**
**M. NO.: 101974**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

**SANJAY JAIN**
**CHIEF FINANCIAL OFFICER**

**K.D. MEHTA**
**COMPANY SECRETARY**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF MEGHMANI FINECHEM LIMITED**
**(CIN U24100GJ2007PLC051717)**

**MAULIK PATEL**
**CHAIRMAN & MANAGING DIRECTOR**
**(DIN NO 2006947)**

**KAUSHAL SOPARKAR**
**MANAGING DIRECTOR**
**(DIN No. 01998162)**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018

(₹ in Lakhs )

| PARTICULARS | Note No. | Year Ended on 31st March 2018 | Year Ended on 31st March 2017 |
|---|---|---|---|
| **Revenue** | | | |
| I. Revenue from Operations | 28 | 61,489.26 | 44,412.43 |
| II. Other Income | 29 | 412.63 | 86.38 |
| **III. Total Income (I+II)** | | **61,901.89** | **44,498.81** |
| **IV. Expenses** | | | |
| Cost of Materials Consumed | 30 | 23,541.19 | 17,561.43 |
| Changes in Inventories of Finished Goods | 31 | 300.53 | (286.97) |
| Excise Duty on Sales | | 1,737.51 | 5,206.51 |
| Employee Benefits Expenses | 32 | 3,606.31 | 1,407.75 |
| Finance Costs | 33 | 896.97 | 1,444.93 |
| Depreciation and Amortization Expenses | 3 | 5,527.15 | 5,543.01 |
| Other Expenses | 34 | 6,775.36 | 6,117.50 |
| **Total Expenses (IV)** | | **42,385.02** | **36,994.16** |
| **V. Profit Before Tax (III-IV)** | | **19,516.87** | **7,504.65** |
| **VI. Tax expense:** | 6 | | |
| 1. Current Tax | | 4,140.00 | 1,701.00 |
| 2. Deferred Tax | | (439.84) | 1,486.66 |
| 3. Adjustment of Tax for Earlier Years | | (1,242.61) | (1,161.66) |
| 4. Utilisation of MAT Credit | | 1,511.87 | - |
| 5. Entitlement of MAT Credit | | - | (1,175.34) |
| **VII. Profit for the Year** | | **15,547.45** | **6,653.99** |
| **VIII. Other Comprehensive Income** | | | |
| (i) Items that will not be reclassified to Profit or Loss - Remeasurement of Net Defined Benefit Obligations | | 7.95 | (21.61) |
| (ii) Income Tax relating to expenses not being reclassified to Profit or Loss | | (2.78) | 7.48 |
| **Total Other Comprehensive Income For The Year (VIII)** | | **5.17** | **(14.13)** |
| **IX. Total Comprehensive Income For The Year (VII +VIII)** | | **15,552.62** | **6,639.86** |
| **X. Earnings Per Equity Share (Face Value Per Share - Rs. 10 Each, 31st March 2017 : Rs. 10 Each)** | | | |
| Basic and Diluted | 35 | 21.97 | 9.40 |
| **Summary of Significant Accounting Policies** | 2 | | |
| **The accompanying Notes are an integral part of these Financial Statements** | | | |

AS PER OUR REPORT OF EVEN DATE

**FOR S R B C & CO LLP**
**CHARTERED ACCOUNTANTS**
**ICAI Firm Regn. No. 324982E / E300003**

**per SUKRUT MEHTA**
**PARTNER**
**M. NO.: 101974**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

**SANJAY JAIN**
**CHIEF FINANCIAL OFFICER**

**K.D. MEHTA**
**COMPANY SECRETARY**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF MEGHMANI FINECHEM LIMITED**
**(CIN U24100GJ2007PLC051717)**

**MAULIK PATEL**
**CHAIRMAN & MANAGING DIRECTOR**
**(DIN NO 2006947)**

**KAUSHAL SOPARKAR**
**MANAGING DIRECTOR**
**(DIN No. 01998162)**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

(₹ in Lakhs )

| PARTICULARS | 31st March 2018 | 31st March 2017 |
|---|---|---|
| **A. Cash Flow from Operating Activities** | | |
| Profit Before Taxation | 19,516.87 | 7,504.65 |
| **Adjustment for :** | | |
| Depreciation and Amortisation Expenses | 5,527.15 | 5,543.01 |
| Dividend Income | (1.54) | - |
| Interest and Finance Charges | 896.97 | 1,444.93 |
| Interest Income | (29.01) | (24.50) |
| Mark to Market Loss on Derivative | 42.05 | 404.34 |
| Unrealised Foreign Exchange Loss | 29.96 | - |
| Profit on Sale of Investment | (369.86) | (52.70) |
| Loss on Sale of Property, Plant & Equipment (Net) | 6.67 | - |
| **Operating Profit before Working Capital changes** | **25,619.26** | **14,819.73** |
| **Adjustment for:** | | |
| (Increase)/Decrease in Inventories | (144.88) | 853.49 |
| (Increase)/Decrease in Trade Receivables | (3,247.52) | 154.31 |
| (Increase)/Decrease in Other Non Current Financial Assets | 3.32 | (5.83) |
| (Increase)/Decrease in Other Non Current Assets | 115.91 | 106.14 |
| (Increase)/Decrease in Other Current Financial Assets | (64.25) | (32.72) |
| (Increase)/Decrease in Other Current Assets | 573.31 | (152.38) |
| (Increase)/Decrease in Short Term Loans and Advances | (15.15) | (3.26) |
| Increase/(Decrease) in Trade Payables | 1,444.35 | (839.10) |
| Increase/(Decrease) in Long Term Provision | (2.68) | (14.84) |
| Increase/(Decrease) in Other Current Financial Liabilities | 2,024.50 | 772.87 |
| Increase/(Decrease) in Other Current Liabilities | (16.50) | 161.85 |
| Increase/(Decrease) in Short Term Provisions | 2.58 | 0.06 |
| **Working Capital Changes** | **672.99** | **1,000.59** |
| **Cash Flow Generated from Operation** | **26,292.25** | **15,820.32** |
| Direct Taxes Paid (Net) | (3,802.91) | (1,975.11) |
| **Net Cash Flow Generated from Operating Activities** | **22,489.34** | **13,845.21** |
| **B. Cash Flow from Investment Activities** | | |
| Purchase of Property, Plant & Equipment | (12,346.74) | (3,492.98) |
| Investment in Fixed Deposits | (2,914.18) | - |
| Fixed Deposits redeemed | 2,400.00 | - |
| Interest Received | 20.98 | 4.30 |
| Proceeds from Redemption of Mutual Fund | 7,329.92 | - |
| Investment in Mutual Fund | (11,249.07) | (2,800.00) |
| Dividend Received | 1.54 | - |
| Proceeds from Sale of Property, Plant & Equipment | 98.76 | - |
| **Net Cash Flow from Investing Activities** | **(16,658.79)** | **(6,288.68)** |

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

(₹ in Lakhs )

| PARTICULARS | 31st March 2018 | 31st March 2017 |
|---|---|---|
| **C. Cash Flow from Financing Activities** | | |
| Interest and Finance Charges Paid | (901.50) | (1,417.99) |
| Repayment of Term Loan (from Indian Banks) | (4,007.50) | (3,882.72) |
| Repayment of Loan (ECB Loan) | (2,757.07) | (2,892.39) |
| Proceeds from Short Term/Other borrowings | 1,834.27 | 588.59 |
| **Net Cash Flow from Financing Activities** | **(5,831.80)** | **(7,604.51)** |
| **Net (Decrease) in Cash and Cash Equivalents (A+B+C)** | **(1.25)** | **(47.98)** |
| **Cash and Cash Equivalent at the beginning of the year** | **8.56** | **56.54** |
| **Cash and Cash Equivalent at the end of the year** | **7.30** | **8.56** |
| **Cash and Cash Equivalent comprises as under** | | |
| Cash on Hand | 1.55 | 1.08 |
| Balance with Banks in Current Accounts | 5.76 | 7.48 |
| **Cash & Cash Equivalent at the end of the year (Refer Note 12)** | **7.31** | **8.56** |

**Notes to the Cash Flow Statement for the year ended on 31st March 2018.**

The Cash flow statement has been prepared as per Indirect Method in accordance with the Indian Accounting Standard - 7 (Ind AS-7) on "Statement of Cash Flow " issued by the Institute of Chartered Accountants of India.

**Amendments to the Indian Accounting Standard 7 "Statement of Cash Flows":**

The Company has applied amendments to Indian Accounting Standard 7 "Statement of Cash Flows", which is effective for annual periods beginning on or after April 1, 2017. The amendments require the company to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as fair value changes). The changes in liabilities arising from financial activities are only on account of changes in the Cash Flows and hence, no additional disclosures are required to be given by the Company.

**The accompanying Notes are an integral part of these Financial Statements**

AS PER OUR REPORT OF EVEN DATE

**FOR S R B C & CO LLP**
**CHARTERED ACCOUNTANTS**
**ICAI Firm Regn. No. 324982E / E300003**

**per SUKRUT MEHTA**
**PARTNER**
**M. NO.: 101974**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

**SANJAY JAIN**
**CHIEF FINANCIAL OFFICER**

**K.D. MEHTA**
**COMPANY SECRETARY**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF**
**MEGHMANI FINECHEM LIMITED**
**(CIN U24100GJ2007PLC051717)**

**MAULIK PATEL**
**CHAIRMAN & MANAGING DIRECTOR**
**(DIN NO 2006947)**

**KAUSHAL SOPARKAR**
**MANAGING DIRECTOR**
**(DIN No. 01998162)**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2018

( ₹ in Lakhs)

**(a) Equity Share Capital**

| Particulars | Note | Amount |
|---|---|---|
| Issued, Subscribed and fully paid equity shares of Rs.10 each | | |
| **Balance as at March 31, 2016** | | **7,076.00** |
| Changes during the year | 17 | - |
| **Balance as at March 31, 2017** | | **7,076.00** |
| Changes during the year | 17 | - |
| **Balance as at March 31, 2018** | | **7,076.00** |

( ₹ in Lakhs)

**(b) Other Equity**

| Particulars | Other Equity | | | |
|---|---|---|---|---|
| | Note 18 | Note 18 | Note 18 | |
| | Reserve on account of Non Cash Capital Contribution from Holding Company | Securities Premium Reserve | Retained Earnings | Total Other Equity |
| **Balance at April 1, 2016** | **34.24** | **14,142.00** | **8,262.62** | **22,438.86** |
| Profit for the year | - | - | 6,653.99 | 6,653.99 |
| Other Comprehensive Income for the year | - | - | (14.13) | (14.13) |
| **Total Comprehensive Income for the year** | **-** | **-** | **6,639.86** | **6,639.86** |
| Non Cash Capital Contribution from Holding Company during the year | 17.35 | - | - | 17.35 |
| **Balance at March 31, 2017** | **51.59** | **14,142.00** | **14,902.48** | **29,096.07** |
| Profit for the year | - | - | 15,547.45 | 15,547.45 |
| Other Comprehensive Income for the year (Net of taxes) | - | - | 5.17 | 5.17 |
| **Total Comprehensive Income for the year** | **-** | **-** | **15,552.62** | **15,552.62** |
| Non Cash Capital Contribution from Holding Company during the year | 8.13 | - | - | 8.13 |
| **Balance at March 31, 2018** | **59.72** | **14,142.00** | **30,455.10** | **44,656.82** |

**The accompanying Notes are an integral part of these Financial Statements**

AS PER OUR REPORT OF EVEN DATE

**FOR S R B C & CO LLP**
**CHARTERED ACCOUNTANTS**
**ICAI Firm Regn. No. 324982E / E300003**

**per SUKRUT MEHTA**
**PARTNER**
**M. NO.: 101974**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

**SANJAY JAIN**
**CHIEF FINANCIAL OFFICER**

**K.D. MEHTA**
**COMPANY SECRETARY**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF**
**MEGHMANI FINECHEM LIMITED**
**(CIN U24100GJ2007PLC051717)**

**MAULIK PATEL**
**CHAIRMAN & MANAGING DIRECTOR**
**(DIN NO 2006947)**

**KAUSHAL SOPARKAR**
**MANAGING DIRECTOR**
**(DIN No. 01998162)**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

# NOTES TO THE FINANCIAL STATEMENT

**1. Corporate information**

Meghmani Finechem Limited (the Company) is a Public Company limited by Shares domiciled in India, incorporated under the provisions of Companies Act, 1956. The 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 Chemical Products.

**2. Significant Accounting Policies**

**2.1 Basis for Preparation of Accounts**

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter.

The Financial Statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain Financial Assets and Liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Derivative Financial Instruments

In addition, the Financial Statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest Lakh (INR 00,000), except when otherwise indicated.

**2.2 Significant Accounting Estimates, Assumptions and Judgements**

The preparation of the Company’s Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of Contingent Liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described hereunder. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes:**

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the Current and Deferred Tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

**Defined Benefit Plans (Gratuity Benefits)**

A liability in respect of Defined Benefit Plans is recognised in the Balance Sheet, and is measured as the present value of the Defined Benefit Obligation at the reporting date less the fair value of the plan’s assets. The present value of the Defined Benefit Obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent Actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer Note 37 for details of the key assumptions used in determining the accounting for these plans.

**Useful Economic lives of Property, Plant and Equipment**

Property, Plant and Equipment as disclosed in Note 3 are depreciated over their useful economic lives. Management

## NOTES TO THE FINANCIAL STATEMENT

reviews the useful economic lives at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

**Intangible Assets**

Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable. The costs which can be capitalised include those that are directly attributable to development of the asset. Research costs are expensed as incurred. Intangible Assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer Note 2.3 (e) for the estimated useful life of Intangible Assets. The carrying value of Intangible Assets has been disclosed in Note 3.4.

**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 fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future Cash Flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

**2.3 Summary of Significant Accounting Policies**

**a. CURRENT VS. NON-CURRENT CLASSIFICATION:**

The Company presents Assets and Liabilities in the Statement of Assets and Liabilities based on Current/ Non-Current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as Non-Current Assets and Liabilities. Deferred Tax Assets and Liabilities are classified as Non-Current Assets and Liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Company has identified twelve months as its operating cycle.

# NOTES TO THE FINANCIAL STATEMENT

**b. REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, including excise duty and excluding other taxes or duties collected on behalf of the Government.

Based on the educational material on Ind AS 18 “Revenue” issued by ICAI, the Company has assumed that the recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms a part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, Sales Tax/ Value Added Tax (VAT)/ Goods and Service Tax (GST) are not received by the Company on its own account. Rather, it is tax collected on valued added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

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

1) <u>Sale of Goods</u>

Revenue from the Sale of Goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on the delivery 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 and rebates. It includes Excise Duty and excludes Value Added Tax / Sales Tax.

2) <u>Interest Income</u>

For all financial instruments measured at amortized cost, interest income is recorded using the Effective Interest Rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the Financial Asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit and Loss

3) <u>Export Incentives</u>

Export incentives under various schemes notified by Government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and is included in revenue in the Statement of Profit and Loss due to its operating nature.

4) <u>Dividend</u>

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

5) <u>Insurance Claims</u>

Claims receivable on account of insurance are accounted for to the extent the Company is virtually certain of their ultimate collection

# NOTES TO THE FINANCIAL STATEMENT

**c. FOREIGN CURRENCIES**

The Company's Financial Statements are presented in INR, which is also the Company's functional currency.

**Transactions and Balances**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

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

Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Profit and Loss, respectively).

**d. FAIR VALUE MEASUREMENT**

The Company measures certain financial instruments at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a Non-Financial Asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participants that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All Assets and Liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as under, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company

## NOTES TO THE FINANCIAL STATEMENT

determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted Financial Assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The management comprises of the Managing Director, Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the Board of Directors after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes. Refer Note 42.

- Disclosures for Valuation Methods, Significant Estimates and Assumptions.
- Quantitative Disclosures of fair value measurement hierarchy.
- Investment in Equity Shares.
- Financial Instruments (including those carried at amortised cost).

**e. PROPERTY, PLANT AND EQUIPMENT**

Property, Plant and Equipment (PPE) and Capital Work in Progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other Repair and Maintenance costs are recognized in Statement of Profit and Loss as incurred.

Capital Work in Progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the Balance Sheet date.

Items of Stores and Spares that meet the definition of Property, Plant and Equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Depreciation is calculated on a Straight-Line Basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of 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. Depreciation is not provided on Freehold Land. Leasehold

## NOTES TO THE FINANCIAL STATEMENT

Land is amortized over the available balance lease period. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

| **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 Equipments | 5 Years |

**f. INTANGIBLE ASSETS**

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible Assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost includes acquisition and other incidental cost related to acquiring the intangible asset. Research costs are expensed as incurred. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and approved by authorities, future economic benefits are probable.

The useful lives of Intangible Assets are assessed as either finite or indefinite.

Intangible Assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on Intangible Assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or Losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible Assets are amortised over a period of 5 years.

**g. 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 Units (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.

In assessing value in use, the estimated future Cash Flows are discounted to their present value using a pre-tax

# NOTES TO THE FINANCIAL STATEMENT

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future Cash Flows after the fifth year.

Impairment Losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

**h FINANCIAL INSTRUMENT**

A financial instrument is any contract that gives rise to a Financial Asset of one Entity and a Financial Liability or Equity Instrument of another Entity.

**(A) Financial Asset**

**Initial Recognition and Measurement**

At initial recognition, the Company measures a Financial Asset or Financial Liability at its fair value plus or minus, in the case of a Financial Asset or Financial Liability not at Fair Value Through Profit and Loss, transaction costs that are directly attributable to the acquisition or issue of the Financial Asset or Financial Liability.

**Debt instruments at Amortised Cost**

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual Cash Flows, and

b) Contractual terms of the asset give rise on specified dates to Cash Flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such Financial Assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. 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 in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

**Debt Instrument at Fair Value Through Other Comprehensive Income (FVTOCI)**

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual Cash Flows and selling the Financial Assets, and

b) The asset's contractual Cash Flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the Equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

## NOTES TO THE FINANCIAL STATEMENT

**Debt Instrument at Fair Value Through Profit and Loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated certain debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**Equity Investments**

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 FVTOCI. For all other equity instruments, the Company may make an irrevocable election to present in Other 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.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**De-Recognition**

A Financial Asset (or, where applicable, a part of a Financial Asset or part of a Company of similar Financial Assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

The rights to receive Cash Flows from the asset have expired, or

The Company has transferred its rights to receive Cash Flows from the asset or has assumed an obligation to pay the received Cash Flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive Cash Flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of Financial Assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and

## NOTES TO THE FINANCIAL STATEMENT

recognition of impairment loss on the following Financial Assets and credit risk exposure:

a) Financial Assets that are debt instruments, and are measured at amortised cost e.g., Loans, Debt Securities, Deposits, Trade Receivables and Bank Balance

b) Trade Receivables or any contractual right to receive cash or another Financial Asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'Contractual Revenue Receivables' in these Financial Statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade Receivables

  The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

  For recognition of impairment loss on other Financial Assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

  ECL is the difference between all contractual Cash Flows that are due to the Company in accordance with the contract and all the Cash Flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the Cash Flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash Flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

- Financial Assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**(B) Financial Liabilities**

**Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at Fair Value Through Profit and Loss, Loans and Borrowings, Payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of Loans and Borrowings and Payables, net of directly attributable transaction costs.

The Company's financial liabilities include Trade and Other Payables, Loans and Borrowings.

**Subsequent measurement of Financial Liabilities**

The measurement of financial liabilities depends on their classification, as described below:

**Financial Liabilities at Fair Value Through Profit and Loss**

Financial Liabilities at Fair Value Through Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at Fair Value Through Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category

## NOTES TO THE FINANCIAL STATEMENT

also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

**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 profit and 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.

**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.

**Derivatives and Hedging Activities**

The Company uses derivative financial instruments, such as forward currency contracts and full currency swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as Financial Assets when the fair value is positive and as financial liabilities when the fair value is negative.

**De-recognition**

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Off-setting financial instrument**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**I. INVENTORIES**

Stores and Spares, Packing Materials and Raw Materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the Finished Products in which they are to be incorporated are expected to be sold at or above cost.

Semi-Finished Products, Finished Products and By-Products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Cost of Finished Goods includes excise duty, as applicable. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

## NOTES TO THE FINANCIAL STATEMENT

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

**j. BORROWING COSTS**

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

**k. RETIREMENT AND OTHER EMPLOYEE BENEFITS**

Provident Fund is a defined contribution scheme established under a State Plan. The contributions to the scheme are charged to the Statement of Profit and Loss in the year when employee rendered related services.

The Company has a Defined Benefit Gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The Company has other long-term employee benefits in the nature of leave encashment. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The aforesaid leave encashment is funded with an Insurance Company in the form of a qualifying insurance policy.

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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.

**l. ACCOUNTING FOR TAXES ON INCOME**

**Tax Expense Comprises of Current Income Tax and Deferred Tax**

**Current Income Taxes**

Current Income Tax Assets and Liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current Income Tax relating to items recognised outside Profit and Loss is recognised outside Profit and Loss (either in

## NOTES TO THE FINANCIAL STATEMENT

Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Taxes**

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

Deferred Tax Liabilities are recognised for all taxable temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred Tax Assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred Tax Assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the Deferred Tax Asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit and Loss.

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.

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

Deferred Tax relating to items recognised outside Profit and Loss is recognised outside Profit and Loss (either in Other Comprehensive Income or in Equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same taxable authority.

**Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred Tax Assets on such tax credit are recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period.

**m. PROVISIONS**

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.

# NOTES TO THE FINANCIAL STATEMENT

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**n. CONTINGENT LIABILITIES**

Provisions are not recognised for future operating losses.

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a Contingent Liability but discloses its existence in the Financial Statements.

A Contingent Asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the Financial Statements.

Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

**o. LEASES**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Company as a Lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**p. EARNING PER SHARE**

Basic Earnings Per Share

Basic Earnings Per Share are calculated by dividing the Net Profit and Loss for the period attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

Diluted Earnings Per Share

For the purpose of calculating Diluted Earnings Per Share, the Net Profit and Loss for the period attributable to Equity Shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

# NOTES TO THE FINANCIAL STATEMENT

**q. CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalent in the Financial Statements comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of Cash Flows, Cash and Cash Equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**r. SEGMENT REPORTING**

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general Corporate income and expense items which are not allocated to any business segment.

**Segment policies:**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

**s. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with Customers. Under Ind AS 115, Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a Customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date using the partial retrospective method.

# NOTES TO THE FINANCIAL STATEMENT

## 3 PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 31st MARCH 2018

( ₹ in Lakhs)

| Description | Gross Block | | | | Depreciation / Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening | Addition | Deduction / Adjustment | Closing | Opening | For the Year | Deduction / Adjustment | Closing | 31st March, 2018 | 31st March, 2017 |
| **3.1 TANGIBLE ASSET** | | | | | | | | | | |
| Lease Hold Land | 1,189.21 | - | - | 1,189.21 | 26.14 | 13.07 | - | 39.21 | 1,150.00 | 1,163.07 |
| Building | 10,101.72 | 24.79 | - | 10,126.51 | 904.82 | 473.31 | - | 1,378.13 | 8,748.38 | 9,196.90 |
| Plant and Machineries | 26,766.76 | 443.66 | 538.34 | 26,672.08 | 7,756.43 | 4,408.44 | 436.79 | 11,728.08 | 14,944.00 | 19,010.33 |
| Captive Power Plant & Equipments | 11,319.03 | 2.00 | - | 11,321.03 | 1,184.32 | 585.62 | - | 1,769.94 | 9,551.09 | 10,134.71 |
| Furnitures & Fixtures | 258.88 | 8.78 | - | 267.66 | 24.19 | 30.09 | - | 54.28 | 213.38 | 234.69 |
| Office Equipment | 19.27 | 2.48 | - | 21.75 | 7.43 | 3.88 | - | 11.31 | 10.44 | 11.84 |
| Vehicles | 49.70 | 76.23 | 7.54 | 118.39 | 16.03 | 8.60 | 3.67 | 20.96 | 97.43 | 33.67 |
| Computers | 15.81 | 2.42 | - | 18.23 | 7.42 | 4.15 | - | 11.57 | 6.67 | 8.39 |
| **TOTAL** | **49,720.38** | **560.36** | **545.88** | **49,734.84** | **9,926.78** | **5,527.15** | **440.46** | **15,013.47** | **34,721.39** | **39,793.60** |
| **3.3 INTANGIBLE ASSET** | | | | | | | | | | |
| GIDC Usage Rights | 21.40 | - | - | 21.40 | 21.36 | - | - | 21.36 | 0.04 | 0.04 |
| **TOTAL** | **21.40** | **-** | **-** | **21.40** | **21.36** | **-** | **-** | **21.36** | **0.04** | **0.04** |

**Note:** During the Current Year exchange gain of 22.21 Lakhs (Previous Year exchange gain of 480.57 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 576.65 Lakhs (Previous Year 243.51 Lakhs), in view of option given in para D13AA of IND-AS 101 on first time adoption of IND-AS.

The management has technically reviewed the estimated useful life of Plant and Machinery related to Power Generating Unit as 20 years which is different from those prescribed under part C of Schedule II to the Companies Act 2013.

### 3.2 Capital Work In Progress ( ₹ in Lakhs)

| Particulars | Amount |
|---|---|
| **Cost** | |
| As at March 31, 2017 | 309.42 |
| Addition | 7,615.71 |
| Capitalisation | 44.87 |
| **As at March 31, 2018** | **7,880.26** |

Capital Work-In-Progress for Tangible Assets as at 31st March 2018 comprises expenditure for the Plant and Building in the course of construction.

# NOTES TO THE FINANCIAL STATEMENT

## PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 31st MARCH 2017

( ₹ in Lakhs)

| Description | Gross Block | | | | Depreciation / Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening | Addition | Deduction / Adjustment | Closing | Opening | For the Year | Deduction / Adjustment | Closing | 31st March, 2017 | 1st April, 2016 |
| **3.1 TANGIBLE ASSET** | | | | | | | | | | |
| 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 | 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 | 11.95 | 3.86 | - | 15.81 | 3.15 | 4.27 | | 7.42 | 8.39 | 8.80 |
| **TOTAL** | **40,809.79** | **9,391.17** | **480.58** | **49,720.38** | **4,383.74** | **5,543.01** | **-** | **9,926.78** | **39,793.60** | **36,426.03** |
| **3.3 INTANGIBLE ASSET** | | | | | | | | | | |
| GIDC Usage Rights | 21.40 | - | - | 21.40 | 21.36 | - | - | 21.36 | 0.04 | 0.04 |
| **TOTAL** | **21.40** | **-** | **-** | **21.40** | **21.36** | **-** | **-** | **21.36** | **0.04** | **0.04** |

**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 IND-AS 101 on first time adoption of IND-AS.

(2) Borrowing cost capitalised during the year .NIL/- (Previous Year: .367,40 Lakhs) to respective qualifying assets.

The management has technically reviewed the estimated useful life of Plant and Machinery related to Power Generating Unit as 20 years which is different from those prescribed under part C of Schedule II to the Companies Act 2013.

**3.2 Capital Work In Progress** **( ₹ in Lakhs)**

| Particulars | Amount |
|---|---|
| **Cost** | |
| As at March 31, 2016 | 6,948.68 |
| Addition | 2,743.26 |
| Capitalisation | 9,382.52 |
| **As at March 31, 2017** | **309.42** |

Capital Work-In-Progress for Tangible Assets as at 31st March 2017 comprises expenditure for the Plant and Building in the course of construction.

# NOTES TO THE FINANCIAL STATEMENT

**4 Investments** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Investment carried at Amortised Cost (Unquoted)** | | |
| Investment in Government Securities | - | 0.10 |
| **Total** | **-** | **0.10** |
| **Aggregate Value of Invesments in Unquoted Securities** | **-** | **0.10** |

**5 Other Financial Assets** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Security Deposits | 149.06 | 152.38 |
| Bank Deposits With original maturity of more than 12 months (including interest accrued)(Refer Note below) | 321.55 | 300.32 |
| **Total** | **470.61** | **452.70** |

Margin money deposits amounting ₹ 321.55 Lakhs are given as security against bank guarantees with Banks (31st March 2017 - ₹ 300.32 Lakhs).

**6. Tax expense**

**(a) Amounts recognised in Profit and Loss** **( ₹ in Lakhs)**

| PARTICULARS | For the year ended 31st March 2018 | For the year ended March 31st, 2017 |
|---|---|---|
| **Current Income Tax** | **4,140.00** | **1,701.00** |
| **Adjustment to tax related to earlier periods** | **(1,242.61)** | **(1,161.66)** |
| **Deferred Income Tax Liability / (Asset), Net** | | |
| Entitlement of MAT Credit | - | (1,175.34) |
| Origination and reversal of temporary differences | (439.84) | 1,486.66 |
| Utilisation of MAT Credit | 1,511.87 | - |
| **Tax expense for the year** | **3,969.42** | **850.66** |

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

| Particulars | For the year ended 31st March 2018 | | | For the year ended 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | Before Tax | Tax (expense) benefit | Net of Tax | Before Tax | Tax (expense) benefit | Net of Tax |
| **Items that will not be reclassified to Profit or Loss** | | | | | | |
| Remeasurements of the Defined Benefit Plans | 7.95 | (2.78) | 5.17 | (21.61) | 7.48 | (14.13) |
| **Total** | **7.95** | **(2.78)** | **5.17** | **(21.61)** | **7.48** | **(14.13)** |

## NOTES TO THE FINANCIAL STATEMENT

**(c) Reconciliation of Effective Tax Rate** **( ₹ in Lakhs)**

| Particulars | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|---|---|
| **Profit Before Tax** | **19,516.87** | **7,504.65** |
| Tax using the Company's Domestic Tax Rate (Current Year 34.608% and Previous Year 34.608%) | 6,754.40 | 2,597.21 |
| **Non-Deductible Tax Expenses** | | |
| Upfront Fees already claimed | 21.68 | - |
| Other | 105.98 | 18.99 |
| **Allowable Tax Expenditure** | | |
| Income not chargeable to Tax | - | (35.84) |
| Investment Allowance (u/s 32 AC) | - | (456.39) |
| **Others** | | |
| Profit Deductible u/s 80 IA | (1,437.68) | (1,642.94) |
| Donation Deductible u/s 80 G | (51.34) | - |
| Adjustment for Tax of Prior Periods | (1,242.61) | - |
| Unrecognised MAT Credit Entitlement of Previous Year | - | (1,161.66) |
| Impact on account of Ind AS transition in the previous year | - | 1,647.39 |
| Impact on Account of Change in Deferred Tax Rate | (13.88) | - |
| Others | (167.13) | (116.09) |
| **Total** | **3,969.42** | **850.66** |
| **Effective Tax Rate** | **20.34%** | **11.34%** |

**(d) Movement in Deferred Tax balances for the year ended 31st March 2018** **( ₹ in Lakhs)**

| Particulars | Net balance April 1, 2017 | Recognised in Profit and Loss | Recognised in OCI | Other | 31st March 2018 | | |
|---|---|---|---|---|---|---|---|
| | | | | | Net | Deferred Tax Asset | Deferred Tax Liability |
| **Deferred Tax Asset** | | | | | | | |
| Property, Plant and Equipment | (4,116.98) | 557.45 | - | - | (3559.53) | - | (3559.53) |
| Gain on Derivative - Market to Market | (29.63) | 29.63 | - | - | - | - | - |
| Loans and Borrowings | (31.08) | 9.19 | - | - | (21.89) | - | (21.89) |
| Employee Benefits | 31.36 | 14.18 | (2.78) | - | 42.76 | 42.76 | - |
| Investment | (0.38) | (44.66) | - | - | (45.04) | - | (45.04) |
| Tax Credit (MAT) | 4,668.96 | - | - | (207.52) | 4,461.44 | 4,461.44 | - |
| Others | - | (125.96) | - | - | (125.96) | - | (125.96) |
| **Tax Assets/ (Liabilities)** | **522.25** | **439.83** | **(2.78)** | **(207.52)** | **751.78** | **4,504.20** | **(3,752.42)** |
| Set off tax | | | | | | | 4,504.20 |
| **Net Tax Assets** | | | | | | | **751.78** |

## NOTES TO THE FINANCIAL STATEMENT

**Movement in Deferred Tax balances for the year ended 31st March 2017** **( ₹ in Lakhs)**

| Particulars | Net balance April 1, 2016 | Recognised in Profit and Loss | Recognised in OCI | Other | 31st March 2017 Net | Deferred Tax Asset | Deferred Tax Liability |
|---|---|---|---|---|---|---|---|
| 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 | (53.86) | 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 | - |
| **Tax Assets/ (Liabilities)** | **(335.58)** | **(1,486.65)** | **7.48** | **2,337.00** | **522.25** | **4,731.68** | **(4,209.43)** |
| Set off tax | | | | | | | 4,731.68 |
| **Net Tax Assets** | | | | | | | **522.25** |

**7 Income Tax Assets (Net)** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Advance payment of Income Tax (Net of Provision) | 49.77 | 111.52 |
| **Total** | **49.77** | **111.52** |

**8 Other Assets** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Capital Advances | 4,479.35 | 320.94 |
| Balance with Government Authorities (Amount Paid Under Protest) | 61.20 | 177.11 |
| **Total** | **4,540.55** | **498.05** |

**9 Inventories ( Valued at Lower of Cost or Net Realisable Value )** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Raw Materials | 1,387.78 | 1,094.30 |
| Finished Goods | 232.18 | 532.71 |
| Consumable Stores and Spares | 1,322.85 | 1,168.25 |
| Others (Packing Materials) | 17.24 | 19.91 |
| **Total** | **2,960.05** | **2,815.17** |

**10 Investments** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **(Carried at Fair Value Through Profit and Loss)** | | |
| Investment in fully paid up Units of quoted Mutual Funds (Refer Note below) | 7,141.81 | 2,852.70 |
| **Total** | **7,141.81** | **2,852.70** |
| Aggregate amount of Quoted Investments | 7,141.81 | 2,852.70 |

# NOTES TO THE FINANCIAL STATEMENT

**Details of Investment** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Birla Sun life Cash Manager | - | 1,189.84 |
| Birla Sun Life Short Term Opportunity Fund | - | 1,109.70 |
| Kotak Equity Arbitrage Fund | 3,146.96 | - |
| Edelweiss Arbitrage Fund | 3,994.85 | - |
| Birla Sun Life Cash Plus Fund | - | 352.33 |
| SBI Magnum Insta Cash Fund | - | 200.83 |
| **Total** | **7,141.81** | **2,852.70** |

**11 Trade Receivables** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Unsecured, Considered Good (Refer Note below) | 7,686.27 | 4,438.76 |
| **Total** | **7,686.27** | **4,438.76** |

Trade Receivables are non interest bearing and generally have credit period of 30-90 days.
For amount due and terms and conditions relating to related party, please refer note no 37
For information about Credit Risk related to Trade Receivables, please refer note no 42.

**12 Cash and Cash Equivalents** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Balance with Banks in Current Accounts | 5.76 | 7.48 |
| Cash on Hand | 1.55 | 1.08 |
| **Total** | **7.31** | **8.56** |

**13 Other Bank Balances** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Fixed Deposits with Bank (with Original Maturity of more than three months but less than twelve months) | 500.99 | - |
| **Total** | **500.99** | **-** |

**14 Loans** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Loans to Employees (Refer Note below) | 21.62 | 6.47 |
| **Total** | **21.62** | **6.47** |

Loans to Employees are interest free and generally given for tenure of 6 to 12 months

**15 Other Financial Assets** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Mark to Market Derivative Assets | - | 85.62 |
| Export Benefits Receivables | 2.23 | 4.37 |
| Insurance Claim Receivable | 96.39 | - |
| Security Deposits | 26.32 | 56.32 |
| **Total** | **124.94** | **146.31** |

# NOTES TO THE FINANCIAL STATEMENT

**16 Other Assets** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Prepaid Expenses | 39.05 | 55.12 |
| Export Benefits Receivables | 79.48 | - |
| Balances with Government Authorities (Refer Note below) | 71.35 | 357.41 |
| Advance to Employees | 1.81 | - |
| Advance to Suppliers | 35.17 | 387.64 |
| **Total** | **226.86** | **800.17** |

Note:- Balance with Government Authorities include VAT / Cenvat /Service Tax Credit Receivable.

**17 Share Capital** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **AUTHORISED EQUITY SHARE CAPITAL** | | |
| **Equity Share of ₹ 10 each** | | |
| 75,000,000 Equity Shares (31st March 2017: 75,000,000) | 7,500.00 | 7,500.00 |
| **Balance as at the end of the period** | 7,500.00 | 7,500.00 |
| Preference Shares of ₹ 100 each | | |
| 2,500,000 Preference Shares (31st March 2017: 2,500,000) | 2,500.00 | 2,500.00 |
| **Balance as at the end of the period** | 2,500.00 | 2,500.00 |
| | **10,000.00** | **10,000.00** |
| **ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL** | | |
| 70,759,999 Equity Shares (31st March 2017: 70,759,999) each | | |
| Share of ₹ 10 /- Fully Paid Up | 7,076.00 | 7,076.00 |
| Increase/(Decrease)during the year | - | - |
| **Total** | **7,076.00** | **7,076.00** |

**Reconciliation of No. of Shares**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| At the beginning of the year | 7,07,59,999 | 7,07,59,999 |
| Add: Shares issued | - | - |
| **Closing at the end of the year** | **7,07,59,999** | **7,07,59,999** |

The Company has one class of Equity Shares par value of Rs.10 per shares. Each Equity Shares holder is entitled to one vote per share. All Equity Shareholders have equal dividend rights.
In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

**Shares held by Holding Company**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| 2,35,45,985 Equity Shares ( Previous year: 4,04,46,820 Equity Shares) | 235,459,850 | 404,468,200 |

# NOTES TO THE FINANCIAL STATEMENT

**Details of Shareholding (more than 5% Equity Shares)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Number of Shares held by | | |
| (a) Holding Company (Meghmani Organics Limited - MOL) | 2,35,45,985 | 4,04,46,820 |
| % of Share held | 33.28% | 57.16% |
| (b) Meghmani Agrochemical Pvt Limited (WOS of MOL) | 1,69,00,835 | - |
| % of Share held | 23.88% | 0.00% |
| (c) International Finance Corporation | 1,76,66,050 | 1,76,66,050 |
| % of Share held | 24.97% | 24.97% |

As per records of the Company, including its Register of Shareholders/ Members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**18 Other Equity** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Security Premium Reserve** | | |
| Balance as at the beginning of the year | 14,142.00 | 14,142.00 |
| Addition for the year | - | - |
| **Balance as at the end of the year** | **14,142.00** | **14,142.00** |
| **Non Cash Capital Contribution From Holding Company** | | |
| Balance as at the beginning of the year | 51.59 | 34.24 |
| Addition for the year | 8.13 | 17.35 |
| **Balance as at the end of the year** | **59.72** | **51.59** |
| **Retained Earnings** | | |
| Balance as at the beginning of the year | 14,902.48 | 8,262.62 |
| Profit for the year | 15,547.45 | 6,653.99 |
| Other Comprehensive Income for the Year | 5.17 | (14.13) |
| **Balance as at the end of the year** | **30,455.10** | **14,902.48** |
| **Total** | **44,656.82** | **29,096.07** |

**Securities Premium Reserve**
Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Company may issue fully paid-up bonus shares to its members out of the securities premium reserve and the Company can use this reserve for buy-back of shares.

**Amount Of Non Cash Capital Contribution From the Holding Company**
Adjustment on account of Non Cash Capital Contribution from the Holding Company is on account of the notional charges for Corporate Guarantee provided by the Holding Company.

**19 Borrowings** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **SECURED** | | |
| **Term Loan Facilities from Banks :** | | |
| In Indian Currency (Refer Note below) | 90.00 | 3,546.45 |
| **From Financial Institutions** | | |
| External Commercial Borrowing | - | 926.43 |
| **Total** | **90.00** | **4,472.88** |
| [Refer Note 24 for Current Maturities of Term Loan from Banks and Financial Institutions ₹ 4,002.72 Lakh (Previous Year ₹ 6,352.12, Lakh) | | |

# NOTES TO THE FINANCIAL STATEMENT

**Refer Note - 42 For Interest Rate Risk and Liquidity Risk.**

**Details of Security and Repayment Terms :**

| | |
|---|---|
| 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. |
| | 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 rate of interest of term loan from ICICI Bank Limited is 1 Year MCLR +1.42% (i.e. 8.20%+1.42%) p.a.The repayment of this loan has started from March 2012. |
| | 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. Along with this the Indenture of Mortgage created to secure term loan by way of ECB availed from IFC of US$ 200.00 Lakh (₹ 8,645.49 Lakh) |
| 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 Lakh 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. **The Company has made prepayment of USD 1.42 Mn on 31st January 2018 and have NIL outstanding as on 31st March 2018.** |
| | The Company has availed Rupee Term Loan facility of ₹ 11,000.00 Lakhs from HDFC Bank Limited. Outstanding balance for this facility is ₹ 101.92 lakhs (31st March 2017 - Rs. Nil). The facility is secured by (1) Second Charge over Current Assets Pari Passu with Other Lenders. (2) First charge over Movable Fixed Assets of the Company both present and future. The rate of interest of Term Loan facility from HDFC Bank Limited 1 year MCLR (Benchmark rate) plus NIL spread with monthly rest. The Term Loan will be repaid in 20 Quarterly installments of ₹ 550.00 Lakhs each starting from October 2018. |

**20 Others Financial Liabilities** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Mark to Market Derivative Liabilities | - | 14.52 |
| **Total** | **-** | **14.52** |

# NOTES TO THE FINANCIAL STATEMENT

**21 Provisions** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Provision for Employee Benefits (Refer Note 36)** | | |
| Gratuity | 9.54 | 21.79 |
| Leave Encashment | 16.57 | 14.95 |
| **Total** | **26.11** | **36.74** |

**22 Borrowings** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Secured Loans** | | |
| **Loans Repayable on Demand Cash Credit, Packing Credit and WCDL Accounts (Refer Note below)** | | |
| From Banks - In Indian Currency | 3,335.31 | 1,501.04 |
| **Total** | **3,335.31** | **1,501.04** |

**Note:**

| |
|---|
| The Company has availed Working Capital Facility of ₹ 7000 Lakhs as Sanctioned Limit from Consortium comprising of ICICI Bank Limited ₹ 3600 Lakhs, Standard Chartered Bank ₹ 1800 Lakhs and HDFC Bank Ltd. ₹ 1600 Lakhs. The entire facility of ₹ 7000 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 Limited is sum of I-base and "Spread" per annum, subject to minimum rate of 6 Month MCLR +1.55% (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 MCLR + Applicable Margin. |
| The Rate of interest stipulated by HDFC Bank Limited is as per prevailing rate (i.e. one year MCLR) |

**23 Trade Payables** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Outstanding Dues of Micro, Small & Medium Enterprises (Refer Note 40) | 38.34 | 68.01 |
| Outstanding Dues of Creditors others than Micro, Small & Medium Enterprises (Refer Note below) | 3,277.15 | 1,773.18 |
| **Total** | **3,315.49** | **1,841.19** |

**Terms and Conditions of the above Outstanding Dues :**

Trade Payables are non-interest bearing and are normally settled on 90-360 days terms. For amounts due to related parties and terms and conditions with Related Parties, Refer Note 37 and Note 42 for Company's Credit Risk management processes.

# NOTES TO THE FINANCIAL STATEMENT

24 **Other Financial Liabilities** ( ₹ in Lakhs)

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Financial Liabilities carried at Amortised Cost** | | |
| Current Maturities of Long-Term Debt | 4,002.74 | 6,352.12 |
| Interest Accrued but not due on Borrowing | 0.69 | 67.87 |
| Capital Creditors | 364.28 | 399.20 |
| Security Deposits Payable | 355.00 | 350.00 |
| Interest as per MSMEDA, 2006 (Refer Note 40) | 9.67 | 9.28 |
| Employee Benefits Payable | 1,797.56 | 173.67 |
| Mark to Market Derivative Liabilities | - | 29.05 |
| Expenses Payable | 1,303.77 | 908.55 |
| **Total** | **7,833.71** | **8,289.74** |

25 **Other Liabilities** ( ₹ in Lakhs)

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Advances from Customers | 67.66 | 94.98 |
| Statutory Dues Payables | 332.49 | 321.67 |
| **Total** | **400.15** | **416.65** |

26 **Provisions** ( ₹ in Lakhs)

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| Leave Encashment | 3.95 | 1.37 |
| **Total** | **3.95** | **1.37** |

27 **Current Tax Liabilities (Net)** ( ₹ in Lakhs)

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Current Tax Payable | 346.71 | 9.62 |
| **Total** | **346.71** | **9.62** |

28 **Revenue from Operations** ( ₹ in Lakhs)

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Sale of Products** | **61,448.40** | **44,398.76** |
| **Other Operating Revenue** | | |
| Export Benefits and Other Incentives | 39.76 | 2.72 |
| Scrap Sales | 1.10 | 10.95 |
| **Total Other Operating Revenue** | **40.86** | **13.67** |
| **Total** | **61,489.26** | **44,412.43** |

According to the requirements of Schedule III of the Companies Act 2013, Sales for the period upto June 30, 2017 and earlier periods presented in this Financial Statements are inclusive of Excise Duty. Consequent to applicability of Goods and Service Tax (GST), w.e.f July 1, 2017, Sales are shown net of GST in accordance with requirement of Ind AS -18 "Revenue"

# NOTES TO THE FINANCIAL STATEMENT

**29 Other Income** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Interest on** | | |
| - Deposits with Banks | 27.63 | 23.30 |
| - Others | 1.38 | 1.20 |
| Dividend Income | 1.54 | - |
| Net gain on Sale of Mutual Funds | 369.86 | 52.70 |
| Net gain on Foreign Currency Transactions | 12.22 | 9.18 |
| **Total** | **412.63** | **86.38** |

**30 Cost of Materials Consumed** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Basic Chemicals | 23,541.19 | 17,561.43 |
| **Total** | **23,541.19** | **17,561.43** |

**31 Change In Inventories of Finished Goods** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Inventories as at the beginning of the year | 532.71 | 245.74 |
| **Total (A)** | **532.71** | **245.74** |
| Inventories as at the end of the year | 232.18 | 532.71 |
| **Total (B)** | **232.18** | **532.71** |
| **TOTAL (A - B) Change in Inventories** | **300.53** | **(286.97)** |

**32 Employee Benefit Expense** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Salaries and Wages | 1,429.88 | 1,253.84 |
| Director Remuneration | 1,979.00 | - |
| Contribution to Provident and Other Funds | 73.13 | 46.27 |
| Staff Welfare Expenses | 124.30 | 107.64 |
| **Total** | **3,606.31** | **1,407.75** |

**33 Finance Costs** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Interest Expense on :** | | |
| - Term Loan | 686.22 | 1,261.75 |
| - Cash Credit and Working Capital Demand Loan | 23.50 | 58.25 |
| - MSMED Payable | 0.39 | 1.90 |
| - Others | 64.37 | 24.28 |
| Other Borrowing Costs (includes Bank Charges, etc.) | 122.49 | 98.75 |
| **Total** | **896.97** | **1,444.93** |

## NOTES TO THE FINANCIAL STATEMENT

**34 Other Expenses** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Consumption of Stores and Spares | 698.37 | 828.50 |
| Consumption of Packing Materials | 317.42 | 288.97 |
| Repairs to Buildings | 31.21 | 26.59 |
| Repairs to Plant and Machinery | 257.12 | 215.78 |
| Rent (Refer Note -i below) | 85.91 | 78.75 |
| Rates and Taxes | 30.66 | 43.20 |
| Insurance | 121.86 | 123.37 |
| Power and Fuel | 621.07 | 31.90 |
| Electricity Duty on Power Generation | 1,421.94 | 1,374.99 |
| Renewal Purchase Obligation | 404.91 | 610.70 |
| Contract Labour Charges | 672.26 | 599.73 |
| Excise Duty on Finished Goods (Net) | - | 50.76 |
| Selling and Promotion Expenses | 196.36 | 130.05 |
| Loss on Sale of Property, Plant and Equipment | 6.67 | - |
| Water Charges | 1,045.67 | 883.66 |
| Expenditure towards Corporate Social Responsibility (Refer Note - ii) | 296.10 | 0.25 |
| Loss on Derivative Contracts | 42.05 | 404.34 |
| Miscellaneous Expenses | 511.78 | 408.96 |
| Payments to the Auditors (Refer Note - iii below) | 14.00 | 17.00 |
| **Total** | **6,775.36** | **6,117.50** |

**Notes :**

i The Company has entered into lease rent agreement for Office Premises. The leasing agreement is cancellable, and renewable on a periodic basis by mutual consent on mutually accepted terms including escalation of lease rent. Lease payments recognised in the Statement of Profit and Loss for the year amounts to ₹ 85.91 lakhs (March 31, 2017: ₹ 78.75 lakhs).

ii Corporate Social Responsibility Expenditure - spent during the year is ₹ 296.10 lakhs (31st March 2017 - ₹ 0.25 lakhs)

Details of Corporate Social Responsibility (CSR Expenditure)

**( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Amount Required to be spent as per Section 135 of the Act | 136.82 | 116.29 |
| Amount Spent in cash during the year on : | | |
| i - Construction / Acquisition of an Assets | - | - |
| ii - On Purposes other than (i) above | 296.10 | 0.25 |

iii Payment to Auditors **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| (a) as Auditors | 14.00 | 14.00 |
| (b) for Taxation Matters | - | 1.00 |
| (c) for Other services | - | 2.00 |
| **Total** | **14.00** | **17.00** |

# NOTES TO THE FINANCIAL STATEMENT

**35 EARNING PER SHARE** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Profit attributable to Shareholders (Rs. In Lakhs). | 15,547.45 | 6,653.99 |
| Weighted Average number of Equity Shares outstanding (Nos) | 7,07,59,999 | 7,07,59,999 |
| Face value per Equity Share (Rs.) | 10 | 10 |
| Basic and Diluted Earnings Per Share (Rs.) | 21.97 | 9.40 |

**36 GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS**

**(a) Retirement Benefits**

The Gratuity Plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

**Table 1: Reconciliation of Defined Benefit Obligation (DBO)** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Opening balance of Defined Benefit Obligation** | **108.62** | **68.06** |
| Service Cost | | |
| a. Current Service Cost | 25.22 | 19.74 |
| Interest Cost | 7.93 | 5.31 |
| Benefits Paid | (9.71) | (5.07) |
| Re-measurements | | |
| a. Actuarial Loss/(Gain) from changes in financial assumptions | (4.84) | 5.13 |
| b. Actuarial Loss/(Gain) from experience over the past period | (4.29) | 15.45 |
| **Closing balance of the Defined Benefit Obligation** | **122.93** | **108.62** |

**Table 2: Reconciliation of Fair Value of Plan Assets** **( ₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Opening balance of Fair Value of Plan Assets** | **86.83** | **48.09** |
| Contributions by Employer | 31.31 | 41.04 |
| Benefits Paid | (9.71) | (5.07) |
| Interest Income on Plan Assets | 6.34 | 3.80 |
| Re-measurements | | - |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | 0.43 | 0.08 |
| b. Return on plan assets excluding amount included in net interest on the net Defined Benefit Liability/(Asset) | (1.62) | (1.11) |
| **Closing balance of Fair Value of Plan Assets** | **113.59** | **86.83** |
| Actual Return on Plan Assets | 5.16 | 2.77 |

## NOTES TO THE FINANCIAL STATEMENT

**Table 3: Expenses Recognised in the Profit and Loss Account** **(₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Service Cost** | | |
| a. Current Service Cost | 25.22 | 19.74 |
| b. Past Service Cost | - | - |
| c. Loss/(Gain) from Settlement | - | - |
| Net Interest on net Defined Benefit Liability/ (Asset) | 1.59 1.51 | |
| **Employer Expenses** | **26.81** | **21.25** |

**Table 4: Net Liability/ (Asset) recognised in the Balance Sheet** **(₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Present Value of DBO | 122.93 | 108.62 |
| Fair Value of Plan Assets | 113.59 | 86.83 |
| **Liability/ (Asset) recognised in the Balance Sheet** | **9.34** | **21.79** |
| **Funded Status [Surplus/(Deficit)]** | **(9.34)** | **(21.79)** |
| **Of Which, Short Term Liability** | **-** | **-** |
| **Experience Adjustment on Plan Liabilities: (Gain)/Loss** | **(4.29)** | **15.45** |
| **Experience Adjustment on Plan Assets: Gain/(Loss)** | **(1.62)** | **(1.11)** |

**Table 5: Percentage Break-down of Total Plan Assets**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Investment Funds with Insurance Company | 100% | 100% |
| Of which, Traditional/ Non-Unit Linked | 100% | 100% |
| **Total** | **100%** | **100%** |

Note: None of the assets carry a quoted market price in an active market or represent the Entity's own transferable financial instruments or are property occupied by the Entity.

**Table 6: Actuarial Assumptions**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Salary Growth Rate | 6% p.a. | 6% p.a. |
| Discount Rate | 7.7% p.a. | 7.3% p.a. |
| Withdrawal Rate | | |
| Up to age 35 years: | 2% p.a. | 2% p.a. |
| Above age 35 years: | 2% p.a. | 2% p.a. |
| Mortality | IALM 2006-08 Ult. | IALM 2006-08 Ult. |
| Expected Return on Plan Assets | 7.3% p.a. | 7.8% p.a. |
| Expected weighted average remaining working life | 12 years | 12 years |

# NOTES TO THE FINANCIAL STATEMENT

**Table 7: Movement in Other Comprehensive Income** **(₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Opening Balance (Loss)/Gain** | **(25.70)** | **(4.09)** |
| Re-measurements on DBO | | |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | 4.84 | (5.13) |
| b. Actuarial (Loss)/Gain from experience over the past period | 4.29 | (15.45) |
| Re-measurements on Plan Assets | | - |
| a. Actuarial (Loss)/Gain from changes in financial assumptions | 0.43 | 0.08 |
| b. Return on Plan Assets, excluding amount included in net interest on the net Defined Benefit Liability/(Asset) | (1.62) | (1.11) |
| **Closing Balance (Loss)/Gain** | **(17.76)** | **(25.70)** |

**Table 8: Sensitivity Analysis**

| Financial year ended March 31, 2018 in Rs | Increases 1% | Decreases 1% |
|---|---|---|
| Salary Growth Rate | DBO increases by ₹ 14.18 Lakh | DBO decreases by ₹ 12.15 Lakh |
| Discount Rate | DBO decreases by ₹ 11.86 Lakh | DBO increases by ₹ 14.08 Lakh |
| Withdrawal Rate | DBO increases by ₹ 1.20 Lakh | DBO decreases by ₹ 1.45 Lakh |
| Mortality (increase in expected lifetime by 1 year) | DBO decreases by ₹ 0.09 Lakh | |
| Mortality (increase in expected lifetime by 3 years) | DBO decreases by ₹ 0.17 Lakh | |

| Financial year ended March 31, 2017 in Rs | Increases 1% | Decreases 1% |
|---|---|---|
| Salary Growth Rate | DBO increases by ₹ 11.87 Lakh | DBO decreases by ₹ 10.17 Lakh |
| Discount Rate | DBO decreases by ₹ 9.97 Lakh | DBO increases by ₹ 11.83 Lakh |
| Withdrawal Rate | DBO increases by ₹ 0.78 Lakh | DBO decreases by ₹ 0.94 Lakh |
| Mortality (increase in expected lifetime by 1 year) | DBO decreases by ₹ 0.04 Lakh | |
| Mortality (increase in expected lifetime by 3 years) | DBO decreases by ₹ 0.09 Lakh | |

**Note:** The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses.

**Table 9: Movement in Surplus/ (Deficit)** **(₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Surplus/ (Deficit) at start of period** | **(21.79)** | **(19.97)** |
| Current Service Cost | (25.22) | (19.74) |
| Past Service Cost | - | |
| Net Interest on net DBO | (1.59) | (1.51) |
| Actuarial Gain/ (Loss) | 7.94 (21.61) | |
| Contributions | 31.31 | 41.04 |

**(b) Defined Contribution Plans**

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The Company has recognised Provident Fund contribution of ₹ 73.13 lakhs (March 31, 2017 ₹ 46.28 lakhs) as expense in Note 32 under the head 'Contributions to Provident and Other Funds'.

# NOTES TO THE FINANCIAL STATEMENT

## 37 RELATED PARTIES DISCLOSURES :-

| | | |
|---|---|---|
| • | **Holding Company** | Meghmani Organics Limited |
| • | **Enterprises in which Key Managerial Personnel [KMP] & their relatives have significant influence** | Meghmani Dyes & Intermediates LLP ( MDI)<br>Meghmani Industries Limited (MIL)<br>Meghmani Pigments (MP)<br>Meghmani LLP (formerly Meghmani Unichem LLP) (MLLP)<br>Matangi Industries LLP<br>Vidhi Global Chemicals Limited.<br>Panchratan Corporation (PC)<br>Tapsheel Enterprise (Tapsheel)<br>Trent Chemical Industries |
| • | **Key Managerial Personnel** | Mr. Maulik Patel (w.e.f. 01.04.2017)<br>Mr.Kaushal Soparkar (w.e.f. 01.04.2017)<br>Mr.Ankit Patel (w.e.f. 01.04.2017)<br>Mr.Karana Patel (w.e.f. 01.04.2017)<br>Mr.Darshan Patel (w.e.f. 01.04.2017)<br>Mr.Kamlesh Mehta ( Company Secretary )<br>Mr.Sanjay Jain ( Chief Financial Officer) |
| • | **Non Executive Directors** | Mr.Balkrishna Thakkar<br>Mr.Chinubhai Shah<br>Mr.Manubhai Patel (from May 17, 2017)<br>Ms.Nirali Parikh<br>Mr. Arvind Patel (up to May 17, 2017) |

**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 | |
|---|---|---|---|---|---|---|---|---|
| | 31st March 2018 | 31st March 2017 | 31st March 2018 | 31st March 2017 | 31st March 2018 | 31st March 2017 | 31st March 2018 | 31st March 2017 |
| Sale of Goods | 5,287.17 | 3,859.46 | - | - | - | - | 5,287.17 | 3,859.46 |
| Sale of Goods to MDI | - | - | 627.27 | 365.90 | - | - | 627.27 | 365.90 |
| Sale of Goods to MIL | - | - | 636.32 | 431.69 | - | - | 636.32 | 431.69 |
| Sale of Goods to MP | - | - | 210.03 | 148.24 | - | - | 210.03 | 148.24 |
| Sale of Goods to MLLP | - | - | 2,915.69 | 1,875.64 | - | - | 2,915.69 | 1,875.64 |
| Sale of Goods to Tapsheel | - | - | 45.93 | 14.28 | - | - | 45.93 | 14.28 |
| Sale of Goods to Trent Chemicals | - | - | 1,811.14 | 680.01 | - | - | 1,811.14 | 680.01 |
| Purchase of Service/Others | - | 25.47 | - | - | - | - | - | 25.47 |
| Availing of Services (Rent) PC | - | - | 100.73 | 90.53 | - | - | 100.73 | 90.53 |
| Purchase of MEIS License | 155.04 | - | - | - | - | - | 155.04 | - |
| Sitting Fees | - | - | - | - | 8.00 | 5.90 | 8.00 | 5.90 |
| Maulik Patel-Remuneration | - | - | - | - | 490.36 | - | 490.36 | - |
| Kaushal Soparkar-Remuneration | - | - | - | - | 490.36 | - | 490.36 | - |
| Ankit Patel-Remuneration | - | - | - | - | 490.36 | - | 490.36 | - |
| Karana Patel-Remuneration | - | - | - | - | 310.46 | - | 310.46 | - |
| Darshan Patel-Remuneration | - | - | - | - | 220.51 | - | 220.51 | - |
| Sanjay Jain-Remuneration | - | - | - | - | 27.84 | 21.60 | 27.84 | 21.60 |
| **Total** | **5,442.21** | **3,884.93** | **6,347.11** | **3,606.29** | **2,037.89** | **27.50** | **13,827.21** | **7,518.72** |

# NOTES TO THE FINANCIAL STATEMENT

**Outstanding Balance 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 | |
|---|---|---|---|---|---|---|---|---|
| | 31st March 2018 | 31st March 2017 | 31st March 2018 | 31st March 2017 | 31st March 2018 | 31st March 2017 | 31st March 2018 | 31st March 2017 |
| Receivable from MOL | 850.04 | 1,583.84 | - | - | - | - | 850.04 | 1,583.84 |
| Receivables from MDI | - | - | 142.23 | 76.83 | - | - | 142.23 | 76.83 |
| Receivables from MIL | - | - | 101.21 | 48.46 | - | - | 101.21 | 48.46 |
| Receivables from MP | - | - | 48.73 | 38.09 | - | - | 48.73 | 38.09 |
| Receivables from MLLP | - | - | 565.41 | 591.36 | - | - | 565.41 | 591.36 |
| Receivables from Tapsheel | - | - | 2.43 | 1.67 | - | - | 2.43 | 1.67 |
| Receivables from Trent Chemical | - | - | 460.84 | 196.00 | - | - | 460.84 | 196.00 |
| Remuneration Payable to Maulik Patel | - | - | - | - | 401.36 | - | 401.36 | - |
| Remuneration Payable to Kaushal Soparkar | - | - | - | - | 401.36 | - | 401.36 | - |
| Remuneration Payable to Ankit Patel | - | - | - | - | 401.36 | - | 401.36 | - |
| Remuneration Payable to Karna Patel | - | - | - | - | 241.45 | - | 241.45 | - |
| Remuneration Payable to Darshan Patel | - | - | - | - | 161.50 | - | 161.50 | - |
| Remuneration Payable to Sanjay Jain | - | - | - | - | 1.69 | - | 1.69 | - |
| **Total** | **850.04** | **1,583.84** | **1,320.85** | **952.41** | **1,608.72** | **-** | **3,779.61** | **2,536.25** |

**Terms & Conditions of Transactions with Related Parties**

(i) Transaction entered into with Related Party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Company has received a bank guarantee from its Holding Company amounting to ₹ 207.14 lakhs

(ii) The Company's transactions with Related Parties are at arm's length. Management believes that the Company's domestic transactions with related parties post March 31, 2017 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the Financial Statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the period end.

**38 Segment Reporting**

The Company's Chief Operating Decision Maker (CODM) examines the Company's performance from business and geographic perspective. In accordance with Ind AS-108 - Operating Segments, evaluation by the CODM and based on the nature of activities performed by the Company, which primarily relate to manufacturing of Basic Chemicals, the Company does not operate in more than one business segment.

**39 Contingent Liabilities & Commitments**

**A. Claim Against the Company not acknowledged as Debts (excluding Interest and Penalty)** **(₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Disputed Income Tax Liability | 40.86 | - |
| Disputed Service Tax Liability | 143.05 | 135.62 |
| Disputed Custom Duty Liability | 621.83 | 621.83 |
| (In respect of the above matters, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements pending at various Forums / Authorities) | | |
| In respect of Letter of Credit | 5,773.09 | 425.87 |
| In respect of Bank Guarantee | 207.14 | 207.14 |

**B. Capital Comitments** **(₹ in Lakhs)**

| |
|---|
| The Estimated amount of Contract to be executed on Capital Account of Rs. 20,398.42 Lakhs ( Previous Year Rs. 2423.96 Lakhs) has not provided for (Net of Advances). |

**40 DISCLOSURES AS PER MSMED ACT, 2006**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act').

Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any,that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the Balance-Sheet date.

The details as required by MSMED Act are given below:

**(₹ in Lakhs)**

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| 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;<br>Principal<br>Interest | <br><br>38.34<br>9.67 | <br><br>68.01<br>9.28 |
| 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 | Nil | Nil |
| 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; | 2.86 | 1.07 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 0.01 | 0.96 |
| 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. | 9.67 | 9.28 |

On the basis of information and records available with the Company, the above disclosures are made in respect of amount due to the Micro, Small and Medium Enterprises, which have been registered with the relevant competent Authorities. This has been relied upon by the Auditors.

**41 CAPITAL MANAGEMENT**

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its Capital Structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended March 31, 2018 and March 31, 2017.

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, 2018 | As at 31st March, 2017 |
|---|---|---|
| Total Interest bearing Liabilities | 7,428.05 | 12,326.05 |
| Less : Cash and Cash Equivalent | 7.31 | 8.56 |
| **Adjusted Net Debt** | **7,420.73** | **12,317.49** |
| Total Equity | 51,732.81 | 36,172.07 |
| **Adjusted Equity** | **51,732.81** | **36,172.07** |
| Adjusted Net Debt to Adjusted Equity Ratio | 0.14 | 0.34 |

42 **FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in Note 2 to the Financial Statements.

**A. Accounting classification and Fair Values**

The carrying value of financial instruments by categories as of March 31, 2018 and March 31, 2017 is as follows:

( ₹ in Lakhs)

| 31st March 2018 | Carrying Amount | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair Value Through Profit and Loss | Fair Value Through Other Comprehe-nsive Income | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Current Investment | 7,141.81 | - | - | 7,141.81 | 7,141.81 | - | - | 7,141.81 |
| Other Non-Current Financial Asset* | - | - | 470.61 | 470.61 | - | 470.61 | - | 470.61 |
| **Total Financial Assets** | **7,141.81** | **-** | **470.61** | **7,612.42** | **7,141.81** | **470.61** | **-** | 7,612.42 |
| **Financial Liabilities** | | | | | | | | |
| Non-Current Borrowings* | - | - | 90.00 | 90.00 | - | 90.00 | - | 90.00 |
| **Total Financial Liabilities** | **-** | **-** | **90.00** | **90.00** | **-** | **90.00** | **-** | **90.00** |

( ₹ in Lakhs)

| 31st March 2017 | Carrying Amount | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | Fair Value Through Profit and Loss | Fair Value Through Other Comprehe-nsive Income | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Current Investments | 2852.70 | - | - | 2852.70 | 2852.70 | - | - | 2852.70 |
| Non-Current Investments | - | - | 0.10 | 0.10 | - | 0.10 | - | 0.10 |
| Other Non-Current | - | - | 0.10 | 0.10 | - | 0.10 | - | 0.10 |
| Financial Asset* | - | - | 452.70 | 452.70 | - | 452.70 | - | 452.70 |
| **Total Financial Assets** | **2,852.70** | **-** | **452.80** | **3,305.50** | **2,852.70** | **452.80** | **-** | **3,305.50** |
| **Financial Liabilities** | | | | | | | | |
| Non-Current Borrowings* | - | - | 4,472.88 | 4,472.88 | - | 4,472.88 | - | 4,472.88 |
| Other Non-Current Financial Liabilities* | - | - | 14.52 | 14.52 | - | 14.52 | - | 14.52 |
| **Total Financial Liabilities** | **-** | **-** | **4,487.40** | **4,487.40** | **-** | **4,487.40** | **-** | **4,487.40** |

The management assessed that Cash and Cash Equivalents, other Bank Balances, Loans, Trade Receivables, Trade Payables, Other Current Financial Assets and Other Current Financial Liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

* - The management assessed that carrying value approximates to the fair value.

**B. Measurement of Fair Values and Sensitivity Analysis**

**Fair value hierarchy:**

The fair value of the Financial Assets and Liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Financial Risk Management Framework**

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages market risk through treasury operations, which evaluates and exercises independent control over the entire process of market risk management. The finance team recommends risk management objectives and policies. The activities of this operations include management of cash resources, hedging of foreign currency exposure, credit control and ensuring compliance with market risk limits and policies.

The Company's principal Financial Liabilities, other than derivatives, comprises of Long Term and Short Term Borrowings, Trade and Other Payables, and Financial Liabilities. The main purpose of these Financial Liabilities is to finance the Company's operations. The Company's principal Financial Assets include Loans, Trade and other Receivables, Cash and Cash Equivalents, Other Bank Balances and Other Financial Assets that derive directly from its operations.

The Company has an effective risk management framework to monitor the risks controls in key business processes. In order to minimise any adverse effects on the bottom line, the Company takes various mitigation measures such as credit control, foreign exchange forward contracts to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

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

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

**i. Credit Risk**

Credit risk is the risk that counter party will not meet its obligation leading to a financial loss. The Company is exposed to credit risk arising from its operating activities primarily from Trade Receivables and from financing activities primarily relating to parking of surplus funds as Deposits with Banks. The Company considers probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughtout the reporting period.

The carrying amount of following Financial Assets represents the maximum credit exposure:

**Financial Instruments and Cash Deposit**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Trade Receivables**

The Sales Department 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 periodically. 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 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 evaluates the concentration of risk with respect to Trade Receivables as low, as its Customers are located in several jurisdictions and industries and operate in largely independent markets.

The Company measures the expected credit loss of Trade Receivables and Loan from individual Customers based on historical trend, industry practices and the business environment in which the entity operates.Loss rates are based on actual credit loss experience and past trends.

The maximum exposure to Credit Risk for Trade Receivables by geographic region was as follows:

(₹ in Lakhs)

| PARTICULARS | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Domestic | 7,686.27 | 4,438.76 |
| Other Regions | - | - |
| **Total** | **7,686.27** | **4,438.76** |

**Age of Receivables** **( ₹ in Lakhs)**

| PARTICULARS | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Neither due nor Impaired | 4,444.01 | 2,185.08 |
| Past due 1–90 days | 3,105.20 | 1,836.88 |
| Past due 91–180 days | 84.97 | 348.17 |
| More than 180 days | 52.09 | 68.63 |
| **Total** | **7,686.27** | **4,438.76** |

Management believes that the unimpaired amounts that are past due by more than 180 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.

**ii. Market Risk**

Market Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Currency Risk, Interest Rate Risk, and Other Price Risk such as Equity Price Risk. Financial instruments affected by market risk include Loans and Borrowings, Deposits, FVTOCI and amortised cost Investments and Derivative Financial Instruments.

**Foreign Currency Risk**

Foreign Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of actual sales and purchases and 12-month period for foreign currency loans. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

**Exposure to Currency Risk**

The Currency profile of Financial Assets and Financial Liabilities as at March 31, 2018, March 31, 2017 are as below:
The Company's exposure to Foreign Currency Risk at the end of the reporting period expressed in INR, are as follows

**(₹ in Lakhs)**

| 31st March, 2018 | Total | USD | EURO | INR |
|---|---|---|---|---|
| **Financial Liabilities** | | | | |
| Trade Payables | 3,315.49 | 1,136.30 | - | 2,179.19 |
| Other Current Financial Liabilities | 7,833.71 | 76.53 | 15.59 | 7,741.59 |
| **Total** | **11,149.20** | **1,212.83** | **15.59** | **9,920.78** |

| 31st March, 2017 | Total | USD | EURO | INR |
|---|---|---|---|---|
| Non Current Borrowings | 4,472.88 | 926.43 | - | 3,546.45 |
| Other Current Financial Liabilities | 8,289.74 | 2,299.38 | - | 5,990.36 |
| Less : Foreign Currency Hedged | (397.16) | (397.16) | - | - |
| **Total** | **12,365.46** | **2,828.65** | **-** | **9,536.81** |

**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)

| 31st March, 2018 | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **3% movement** | | | | |
| USD | (36.38) | 36.38 | (23.79) | 23.79 |
| EUR | (0.47) | 0.47 | (0.31) | 0.31 |

| 31st March, 2017 | Profit or (Loss) | | Equity, Net of Tax | |
|---|---|---|---|---|
| | Strengthening | Weakening | Strengthening | Weakening |
| **3% movement** | | | | |
| USD | (84.86) | 84.86 | (55.49) | 55.49 |

**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. The Company manages its Interest Rate Risk by having balanced portfolio of fixed and variable rate Loans and Borrowings.

**Exposure to Interest Rate Risk**

The Company's Interest Rate Risk arises from Borrowings obligations. Borrowings is exposed 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.

(₹ in Lakhs)

| Variable-Rate Instruments | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Non Current - Borrowings | 90.00 | 4,472.88 |
| Current portion of Long Term Borrowings | 4,002.74 | 6,352.12 |
| **Total** | **4,092.74** | **10,825.00** |

**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 | |
|---|---|---|---|---|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| **31st March 2018** | | | | |
| Non Current - Borrowings | (0.90) | 0.90 | (0.59) | 0.59 |
| Current portion of Long Term Borrowings | (40.03) | 40.03 | (26.17) | 26.17 |
| **Total** | **(40.93)** | **40.93** | **(26.76)** | **26.76** |
| **31st March 2017** | | | | |
| 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 |
| **Total** | **(108.25)** | **108.25** | **(70.79)** | **70.79** |

**Equity Price Risk:**

The Company's listed and non-listed Equity Securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The investment in listed and unlisted Equity Securities are not significant.

**iii. Liquidity Risk**

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to Liquidity Risk**

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the Financial Assets and Liabilities. The table below summarises 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.

**Non-Derivative Financial Liabilities** (₹ in Lakhs)

| 31st March, 2018 | Carrying amount | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | 1 year or Less | 1-2 years | 2-5 years | More than 5 years |
| Rupee Term Loans from Banks | 4,092.74 | 4,092.74 | 4,002.74 | 20.00 | 70.00 | - |
| Working Capital Loans from Banks | 3,335.31 | 3,335.31 | 3,335.31 | - | - | - |
| Trade Payables | 3,315.49 | 3,315.49 | 3,315.49 | - | - | - |
| Other Payables | 3,830.97 | 3,830.97 | 3,830.97 | - | - | - |
| **Total** | **14,574.51** | **14,574.51** | **14,484.51** | **20.00** | **70.00** | **-** |

**Non-Derivative Financial Liabilities** (₹ in Lakhs)

| 31st March, 2017 | Carrying amount | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | 1 year or Less | 1-2 years | 2-5 years | More than 5 years |
| 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 | 1,937.62 | 1,937.62 | 1,937.62 | - | - | - |
| **Total** | **16,194.67** | **16,194.67** | **11,697.81** | **4,496.86** | **-** | **-** |

**Derivative Financial Liabilities** (₹ in Lakhs)

| 31st March, 2017 | Carrying amount | Contractual Cash Flows | | | | |
|---|---|---|---|---|---|---|
| | | 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 | - | - |
| **Total** | **14.52** | **14.52** | **9.68** | **4.84** | **-** | **-** |

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

**Excessive Risk Concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

**43 Events occurred after reporting date**

Subsequent to the year end, stake of International Financial Corporation (IFC) i.e. 1,76,66,050 Shares (24.97%) in the Company is acquired by Meghmani Agro Chemicals Private Limited (MACPL), thereby giving an exit to IFC from the Company. MACPL is a Wholly Owned Subsidiary (WOS) of the Holding Company i.e. Meghmani Organics Limited.

**44.** The previous year Financial Statements of the Company were audited by firm other than S R B C & Co. LLP. Previous year figures have been regrouped or recasted wherever necessary to make them comparable with those of the current year.

| 31st March, 2017 | Amount before reclassification | Adjustment | Amount after reclassification |
|---|---|---|---|
| **Non-Current Assets** | | | |
| (f) Income Tax Assets (Net) | - | (111.52) | 111.52 |
| (g) Other Non-Current Assets | 320.94 | (177.11) | 498.05 |
| **Current Assets** | | | |
| (c) Other Current Assets | 970.15 | 169.98 | 800.17 |
| (c) Income Tax Assets (Net) | 111.52 | 111.52 | - |
| **TOTAL ASSETS** | | **(7.13)** | |
| **Non-Current Liabilities** | | | |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (iii) Other Financial Liabilities | 8,282.58 | (7.16) | 8,289.74 |
| (b) Other Current Liabilities | 409.52 | (7.13) | 416.65 |
| (c) Provisions | 8.53 | 7.16 | 1.37 |
| **TOTAL EQUITY AND LIABILITIES** | | **(7.13)** | |

| 31st March, 2017 | Amount before reclassification | Adjustment | Amount after reclassification |
|---|---|---|---|
| **Revenue** | | | |
| Revenue for Operations | 44747.30 | (334.87) | 44,412.43 |
| Other Income | 189.95 | (103.57) | 86.38 |
| | | **(438.44)** | |
| **Expenses** | | | |
| Cost of Material Consumed | 17557.13 | (4.30) | 17,561.43 |
| Employee Benefits Expenses | 1422.12 | 14.37 | 1,407.75 |
| Other Expenses | 6545.88 | 428.37 | 6,117.50 |
| | | **438.44** | |

AS PER OUR REPORT OF EVEN DATE

**FOR S R B C & CO LLP**
**CHARTERED ACCOUNTANTS**
**ICAI Firm Regn. No. 324982E / E300003**

**per SUKRUT MEHTA**
**PARTNER**
**M. NO.: 101974**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

**SANJAY JAIN**
**CHIEF FINANCIAL OFFICER**

**K.D. MEHTA**
**COMPANY SECRETARY**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF**
**MEGHMANI FINECHEM LIMITED**
**(CIN U24100GJ2007PLC051717)**

**MAULIK PATEL**
**CHAIRMAN & MANAGING DIRECTOR**
**(DIN NO 2006947)**

**KAUSHAL SOPARKAR**
**MANAGING DIRECTOR**
**(DIN No. 01998162)**

**PLACE : AHMEDABAD**
**DATE : 19th MAY, 2018**

# NOTICE

Notice is hereby given that 11th Annual General Meeting of the Members of the Company will be held on **Monday, 16th July, 2018 at 10.30 A.M.** at the Registered Office of the Company, to transact the following business :-

**ORDINARY BUSINESS:-**

1) To consider and adopt the Audited Financial Statement of the Company including Balance Sheet as at **31st March, 2018** Statement of Profit and Loss and Cash Flow Statement for the financial year ended on **31st March, 2018**, together with reports of Board of Directors and the Auditor's thereon.

2) To appoint a Director in place of Mr. Karana Patel (DIN 01727321) who retires by rotation and being eligible offers himself for re-appointment.

3) To appoint a Director in place of Mr. Ankit Patel (DIN 02180007) who retires by rotation and being eligible offers himself for re-appointment.

**4) Ratification of 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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby ratifies the appointment of M/s S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration No. 324982E / E300003) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company to be held in the year 2019" and authorised the Board to fix the remuneration.

**SPECIAL BUSINESS:-**

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

**APPOINTMENT OF COST AUDITORS FOR FY 2018-19**

**"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, 2019, at a remuneration of ₹ 1,20,000/- (Rupees One Lakh Twenty Thousand only) per financial year, plus applicable taxes 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 be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

6) To consider and if thought fit to pass the following resolution, with or without modifications, as an **Ordinary Resolution:**

**AUTHORITY FOR RELATED PARTY TRANSACTIONS**

**"RESOLVED THAT** pursuant to Section 188(1) of the Companies Act, 2013, the consent, sanction, permission or approval of the members of the Company be and is hereby accorded to the Board of Directors to enter into the transactions with Related Parties for Sale of Caustic/Chlorine and other Chemical Products manufactured by the Company and purchase of other Chemical Products from related parties on order to order basis as per the details given in table placed herein below for a period commencing from 1st April, 2018 and to remain in force unless revoked or varied by the Company in General Meeting :-

## NOTICE

| Name of the Related Party | Nature of Interest/ Relationship | Nature of Transaction | Value of Estimated Transaction (Rs. In Crores) PA |
|---|---|---|---|
| Meghmani Organics Limited | Holding Company | Sale/Purchase of Chemical Products | 100 |
| Tapsheel Enterprise | Directors /Relatives hold more than 2% | Sale/Purchase of Chemical Products | 20 |
| Vidhi Global Chemicals Limited | Directors /Relatives hold more than 2% | Sale/Purchase of Chemical Products | 75 |
| Meghmani LLP | Partners hold more than 2% | Sale/Purchase of Chemical Products | 50 |
| Meghmani Industries Limited | Directors /Relatives hold more than 2% | Sale/Purchase of Chemical Products | 20 |
| Meghmani Dyes & Inter. LLP | Partners hold more than 2% | Sale/Purchase of Chemical Products | 20 |
| Meghmani Pigment | Partners hold more than 2% | Sale/Purchase of Chemical Products | 20 |
| Ashish Chemicals | Partners hold more than 2% | Sale/Purchase of Chemical Products | 20 |
| Matangi Industries LLP | Partners hold more than 2% | Sale/Purchase of Chemical Products | 30 |
| Trent Chemical Industries | Partners hold more than 2% | Sale/Purchase of Chemical Products | 30 |
| Pancharatna Corporation | Partners hold more than 2% | Rent Payment | 5 |
| Navratan Speciality Chemicals LLP | Partners hold more than 2% | Sale/Purchase of Chemical Products | 5 |

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

**Registered Office:**
Plot No. CH1 & CH 2
GIDC Dahej, Taluka : Vagra
Place :- Bharuch
Date: 19th May, 2018

**Maulik Patel**
**Chairman & Managing 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 Common 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 and 6 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 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, 2019.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at Item No. 5 for approval of appointment and the remuneration amounting to ₹ 1,20,000/- per annum plus applicable taxes and out of pocket expenses payable to M/s K V Melwani & Associates, the Cost Auditors for the Financial Year ending on 31st March, 2019. The Board recommends for the approval of the special resolution as set out at Item No. 5.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise, in the resolution.

**Item No. 6**

**RELATED PARTY TRANSACTIONS**

Pursuant to the first proviso of Section 188 (1) of the Companies Act, 2013, as paid up capital of the Company is more than ₹ 1 Crore, no contract or arrangement can be entered in to with a related party for any item specified in sub section (1) except with the prior approval of the General Meeting by an Ordinary Resolution. The consent, sanction, permission or approval of the members of the Company is required to the Board of Directors to enter into the transactions with Related Parties for Sale of Caustic/Chlorine and other Chemical Products manufactured by the Company and purchase of other Chemical Products from related parties on order to order basis for a period commencing from 1st April, 2018 and to remain in force unless revoked or varied by the Company in General Meeting:-

Your Directors recommend the resolution for your approval.

None of the Directors except Mr. Maulik Patel, Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel of the Company are concerned or interested in the proposed resolution.

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

**Registered Office:**
Plot No. CH1 & CH 2
GIDC Dahej, Taluka : Vagra
Place :- Bharuch
Date: 19th May, 2018

**Maulik Patel**
**Chairman & Managing Director**
**(DIN 02006947)**

## NOTES

## NOTES

Actual Images of Meghmani Finechem Plant


**MEGHMANI FINECHEM LIMITED**

**World Headquarters : 'Meghmani House'**
B/h Safal Profitaire, Corporate Road, Prahaladnagar, Ahmedabad - 380 015. Gujarat (INDIA)
**Tel :** +91-79-2970 9600/ 7176 1000, **Fax :** +91-79-2970 9605
**E-mail :** helpdesk@meghmani.com **Website :** www.meghmani.com
CIN : L24110GJ1995PLC024052


Sobhagya