

*Chemistry of success at work*

# ANNUAL REPORT

IND 2017-2018



MEGHMANI ORGANICS LIMITED

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Jayanti Patel	Executive Chairman
Mr. Ashish Soparkar	Managing Director
Mr. Natwarlal Patel	Managing Director
Mr. Ramesh Patel	Executive Director
Mr. Anand Patel	Executive Director
Mr. Balkrishna Thakkar	Independent Director
Mr. Chander Kumar Sabharwal	Independent Director
Ms. Urvashi Shah	Independent Woman Director
Mr. Manubhai Patel	Independent Director (Appointed on 10.02.2018)
Mr. Bhaskar Rao	Independent Director (Appointed on 10.02.2018)
Mr. C. S. Liew	Independent Director (Appointed on 10.02.2018)
Mr. Chinubhai Shah	Independent Director (Resigned on 14.05.2018)
Mr. Jayaraman Vishwanathan	Independent Director (Resigned on 08.11.2017)
Mr. Kantibhai Patel	Independent Director (Resigned on 10.02.2018)
Mr. A. L. Radhakrishnan	Independent Director (From 20.10.2017 to 10.02.2018)

### **AUDIT COMMITTEE**

Mr. Balkrishna Thakkar	Chairman
Mr. Manubhai Patel	Member (Appointed on 10.02.2018)
Mr. Chander Kumar Sabharwal	Member (Appointed on 26.05.2018)
Mr. Chinubhai Shah	Member (Resigned on 14.05.2018)
Mr. Jayaraman Vishwanathan	Member (Resigned on 8.11.2017)

### **NOMINATION COMMITTEE**

Mr. Balkrishna Thakkar	Member
Ms. Urvashi Shah	Member (Appointed on 10.02.2018)
Mr. Manubhai Patel	Member (Appointed on 26.05.2018)
Mr. Kantibhai Patel	Member (Resigned on 10.02.2018)
Mr. Chinubhai Shah	Chairman (Resigned on 14.05.2018)

### **REMUNERATION COMMITTEE**

Mr. Balkrishna Thakkar	Member
Ms. Urvashi Shah	Member (Appointed on 10.02.2018)
Mr. Manubhai Patel	Member (Appointed on 26.05.2018)
Mr. Kantibhai Patel	Member (Resigned on 10.02.2018)
Mr. Chinubhai R Shah	Chairman (Resigned on 14.05.2018)

**CORPORATE INFORMATION****THE SHAREHOLDERS' / INVESTORS' GRIEVANCE, SHARE ALLOTMENT AND SHARE TRANSFER COMMITTEE**

Mr. Balkrishna Thakkar	Member
Mr. Ashish Soparkar	Member
Mr. Manubhai Patel	Member (Appointed on 26.05.2018)
Mr. Chinubhai Shah	Chairman (Resigned on 14.05.2018)

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Mr. Balkrishna Thakkar	Member
Mr. Ashish Soparkar	Member
Mr. Jayanti Patel	Member
Mr. Natwarlal Patel	Member
Mr. Chinubhai Shah	Chairman (Resigned on 14.05.2018)

**CHIEF EXECUTIVE OFFICER**

Mr. Ankit Patel

**COMPANY SECRETARY**

Mr. Kamlesh Mehta

**CHIEF FINANCIAL OFFICER**

Mr. Gurjant Singh Chahal

**REGISTRAR & SHARE TRANSFER AGENT- INDIA**

Link Intime India Private Limited  
C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400083.  
Tel: +91 22 4918 6270, Fax: +91 22 4918 6060

**INVESTOR SERVICES E - MAIL ID****helpdesk@meghmani.com****SINGAPORE DEPOSITORY SHARES ("SDSs") REGISTRAR AND SDSs OFFICE**

Tricor Barbinder Share Registration Services  
80 Robinson Road, #02-00, Singapore 068898  
Telephone No. (65) 6236 3552, Fax No. (65) 6236 3405  
E-mail : **helpdesk@meghmani.com**

**SINGAPORE SECRETARIAL AGENT**

Tricor Evatthouse Corporate Services  
80 Robinson Road, #02-00, Singapore 068898  
Telephone No. (65) 6236 3510, Fax No. (65) 6236 4399  
E-mail : **helpdesk@meghmani.com**

**REGISTERED OFFICE**

Plot No. 184, Phase II,  
G.I.D.C. Vatva, Ahmedabad -382 445  
Telephone No. 91-79-25831210, Fax No. 91-79-25833403  
E-mail : **helpdesk@meghmani.com**

**CORPORATE OFFICE**

Meghmani House,  
B/h Safal Profitaire, Corporate Road,  
Pralhad Nagar, Ahmedabad 380 015  
Telephone No. 91-79-2970 9600/ 7176 1000,  
Fax No. 91-79-2970 9605, E-mail : **helpdesk@meghmani.com**

**MUMBAI OFFICE  
PRESENT OFFICE**

A1& B1, Ground Floor,  
Kalamandir Co. Op. Housing Society, Chitrakar Ketakar Marg,  
Near Sathye College, Ville Parle [East], Mumbai – 4000 057  
Telephone No. 91 22 2612 2640

**PERMANENT OFFICE  
(BUILDING UNDER RECONSTRUCTION)**

Flat No. 22/23, Vellard View Co.op. Housing Society,  
Vellard View Co. op. Housing Society, Tardeo Road, Mumbai

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**CORPORATE INFORMATION**

**PLANT LOCATION**

- |                                   |  |
|-----------------------------------|--|
| <b>1. Pigment Green Division</b>  | Plot No. 184, Phase II,<br>G.I.D.C. Vatva,<br>Ahmedabad -382 445<br>Telephone No. 91-79-25831210<br>Fax No. 91-79-25833403<br>E-mail : helpdesk@meghmani.com |
| <b>2. Pigment Blue Division</b>   | Plot No. 21,21/1,<br>G.I.D.C. Panoli,<br>District :- Bharuch<br>Telephone No. 91-9879606337, 38, 39<br>E-mail : helpdesk@meghmani.com                        |
| <b>3. Pigment Blue – Division</b> | Plot No. Z-31, Z-32,<br>Dahej SEZ Limited, - Dahej<br>Taluka :- Vagra, District :- Bharuch<br>Telephone No. 91-7567144279<br>E-mail : helpdesk@meghmani.com  |
| <b>4. Agro Division – I</b>       | Plot No. 402,403,404 & 452,<br>Village Chharodi,<br>Taluka Sanand, District :- Ahmedabad<br>Telephone No. 91-2717-273251<br>E-mail : helpdesk@meghmani.com   |
| <b>5. Agro Division – II</b>      | 5001/B,<br>G.I.D.C. Ankleshwar,<br>District :- Bharuch<br>Telephone No. 91-2646-222971<br>E-mail : helpdesk@meghmani.com                                     |
| <b>6. Agro Division – III</b>     | Plot No - Ch-1+2/A<br>GIDC Dahej, Taluka – Vagra<br>District :- Bharuch - 392130<br>Telephone No. 91-2641-291017<br>E-mail : helpdesk@meghmani.com           |
| <b>7. Agro Division – IV</b>      | Plot No. 22/2,<br>G.I.D.C. Panoli,<br>District :- Bharuch<br>Telephone No. 91-2646- 276577<br>E-mail : helpdesk@meghmani.com                                 |

**CORPORATE INFORMATION****PRINCIPAL BANKERS**

State Bank of India,  
CAG Branch,  
58, Shreemali Society,  
Navrangpura,  
Ahmedabad 380 009

HDFC Bank Limited  
Mithakhali,  
Ahmedabad 380 009

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

Standard Chartered Bank,  
Ground Floor, Abhijeet II,  
Mithakhali Six Roads,  
Ahmedabad – 380 006

**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

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## **CHAIRMAN'S STATEMENT**

**Dear Shareholders,**

We are happy to report that FY18 was another successful year for Meghmani Organics. The Company has clocked year-on-year growth of 27% in Revenue, 49% in EBITDA and 95% in PAT. Better monsoon, focus on high margin product mix, better capacity utilization has led to fuel for continued growth.

Guided by our vision to be a 'leading global conglomerate in chemicals', we have today built a robust foundation with three high growth businesses in one company. The businesses i.e. Pigments, Agrochemicals and Basic Chemicals are bonded by the common theme of "Chemistry" but, at the same time, are well-diversified to lower risk at all times. Our aggressive expansion in scale across each business, accompanied with backward integration, large client base with significant repeat business, strong product bouquet and wide global presence are what defines Meghmani Organics' key competitive advantages.

In FY18, we achieved 1.3x increase in revenue over 2017 to reach ₹17,747 mn. Our Five Year Plan envisages our 3 businesses reaching a revenue of ₹ 10 bn each.

### **₹6.4-bn Capex progresses, leading us to a strong future**

Last year, we initiated a landmark capex plan involving investment of ₹6.4 bn. The capex involves three projects starting with the Chlormthane (CMS) Project, already at the construction level, is expected to be commissioned by December'18. For the Second and Third project, involving expansion of Caustic Soda and Hydrogen Peroxide, we have finalized the technology and signed the agreement for the Power Plant. Both are expected to be commissioned by June'19.

### **Strong Growth in both Revenue and Profitability**

During the year, our production crossed 2 Lakh MT while utilization levels increased to 84%. Our consolidated net Sales were ₹17,747 mn compared to ₹13,963 mn in FY17 buoyed by strong performance in exports as well as in the Domestic market. Exports saw 29% growth while Domestic market increased by 25%. Our strategy of expanding our diversified product portfolio, with focus on higher-value products, spurred EBITDA for the period by 49% to ₹4,312 mn resulting in 360 bps expansion in EBITDA Margin to 24.3%. On the back of our vertically integrated business model, we effectively managed fluctuating raw material costs in the market and boosted our profitability. PAT for the year almost doubled to reach ₹1,713 mn as compared to ₹877 mn last year with PAT Margin reaching 9.7%. Interest cost declined by 22% on account of repayment of debt by ₹751 mn during the year. This has helped to increase the ROCE to 32.0% from 21.2% in FY17. As we continue to deliver growth in profits with a comfortable leverage position, our Board has recommended a Dividend of 40% to reward our shareholders for their support.

### **Segmental Performance:**

#### **Pigments- Continued Market Leadership with growth momentum**

Net sales in Pigments for the year were up 12% at ₹5,747 mn driven by robust growth of 29% in Exports which contributed 79% of Pigments FY18 revenue whereas Net Sales in the Domestic Market were down. Volumes grew 11% to 16,090 MT while blended realizations remained flat. EBITDA was slightly down at ₹847 mn for the year as higher input cost could not be passed on to customers fully. Despite this, EBITDA margin stood at a healthy 15%. Utilization levels increased to 81%, as compared to 65% last year, driven by 29% growth in production.

#### **Agrochemicals- Delivering Revenue Growth, led by strong volumes and increased margins**

FY18 was a strong year on account of good monsoons, higher margins on products and expanded distribution network. Net sales for the year in Agrochemicals grew 33%, to reach ₹6,273 mn driven by strong growth of 43% in Exports and 15% in Domestic market. Exports contribution was up at 67% from 62% in FY17 while Domestic contribution was 33%. Volumes were up 11% at 17,342 MT coupled with strong growth of 19% in blended realizations. EBITDA grew 114% driven by positive market conditions and better price realization to reach ₹981 mn. EBITDA margin also increased reaching 16% as compared to 10% last year. Utilization levels were up from 60% to 68% while production grew by 14% in FY18.



**CHAIRMAN'S STATEMENT****Basic Chemicals- Delivering Profitability along with long-term plans**

Our Basic Chemicals Net Sales for the year grew 52%, to reach ₹5,971 mn on the back of strong growth in both domestic and exports market. Volumes were up 14% YoY while realizations were up 34% for FY18. EBITDA for the period grew by 78% to ₹2,554 mn and EBITDA margin was up at 43% on account of better price realisations. Utilization levels increased to 86% from 77% last year and production grew by 12% during the year.

**Industry Outlook: Promising for each of our three segments both globally and domestically.**

Global Pigments is expected to grow at a CAGR of 4.1% between 2017- 2023 reaching \$27.6 bn by 2023. Indian pigment sales have been growing at a rate of 13-14% over the past five years. This growth is driven by boost in exports. Capacity utilization in the Pigment industry has been only 67% which shows that there is a great potential of increasing the production and business in this industry.

The Global Agrochemicals market is likely to grow at a CAGR of 4.1% from 2017-2025, crossing \$309 bn by 2025. Growing population, declining arable land and increasing pest concerns are driving the Agrochemicals market. Demand for Agrochemicals is the highest in the Asia Pacific (APAC) region (53%). In FY18, Indian Agrochemicals performed better than FY17 due to a good monsoon.

Global Chlor-Alkali market is expected to grow at a CAGR of 5.3% to 5.9% to reach \$125 bn by 2023. Increased exposure of different end-user areas, such as Glass, Alumina, Vinyl, and Water treatment etc. are expected to boost demand. The Indian Chlor-Alkali Industry is poised to grow at a CAGR of 6.5% during 2017-2022. Major consuming industries are Soaps & Detergents, Pulp & Paper and Textile processing. The fact that products of Chlor-Alkali industry find increasing use in daily products shows the potential for growth of this industry.

**Company Outlook: Strong FY19 expected as all our businesses are on a promising path**

Meghmani Organics is the largest producer for the Copper Phthalocyanine Pigment and enjoys about 14% market share globally. Pigment Segment is expected to continue with strong performance and growth. We are focusing on development of high-margin product-mix for increasing presence in the Domestic market.

In Agrochemicals, we are expecting more share in the Domestic market in FY19 as our backward integration can prove to be a major competitive edge for pricing and margins. This will help in avoiding the drastic price increments of raw materials coming from China. FY18 Agrochemical performances were driven by a better monsoon and we are hopeful of the same for the next year. Various measures and policies introduced in the Budget 2018-19 are expected to increase farm income and provide a boost to demand for Agrochemical products.

Basic Chemicals also promises a strong FY19 on the back of increasing global demand and better utilization of our Caustic Potash Capacity. CMS Project of 40,000 MTPA is expected to be up by December 2018 and will further drive growth in the segment. The Government has already levied an anti-dumping duty on Caustic Chlorine and Hydrogen Peroxide which will boost the Domestic sales of the segment.

Government's emphasis on 'Make in India' initiative in the Indian Chemicals Sector and its support from Pesticides Manufacturers & Formulators Association of India (PMFAI), promises to curb the imports and boost domestic demand across all the three segments in the future.



## **CHAIRMAN'S STATEMENT**

### **Acknowledgement**

On behalf of the Board, I take the opportunity to thank our Customers, Suppliers, Bankers, Business Partners/Associates, Financial Institutions and Government for their consistent support, faith and encouragement to the Company. I convey my sincere appreciation to the employees and staff of the company for their hard work and commitment. Their dedication and competence has ensured the continued growth of the company. I am also grateful to my fellow directors for their guidance, foresight and efforts that helped steer the group's business through an increasingly competitive industry landscape.

Finally, I thank our shareholders for the trust and confidence they have placed in us. With your belief in us, we are confident of keeping up the growth momentum and achieve greater heights in the years to come.

Thank you and best wishes.

**Jayanti Patel**  
Executive Chairman

**DIRECTORS' REPORT**

To,  
The Members,  
Meghmani Organics Limited

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

**1. FINANCIAL RESULTS**

(₹ in Lakhs)

PARTICULARS	YEAR ENDED ON 31 <sup>st</sup> MARCH, 2018	YEAR ENDED ON 31 <sup>st</sup> MARCH, 2017
Revenue from Operations (Net of Excise Duty)	120978.18	102301.00
Other Operating Revenue	2822.01	2318.09
<b>Revenue from Operations</b>	<b>123800.19</b>	<b>104619.09</b>
Other Income	2610.59	1096.35
<b>Total Revenue</b>	<b>126410.78</b>	<b>105715.44</b>
Profit Before Finance Cost and Depreciation	19729.76	14416.78
Finance Cost	3087.17	3641.66
Depreciation	4261.95	3846.98
<b>Profit Before Extra Ordinary Item &amp; Tax</b>	<b>12380.64</b>	<b>6928.14</b>
Exceptional item	235.82	381.06
<b>Profit Before Tax</b>	<b>12144.82</b>	<b>6547.08</b>
Payment and Provision of Current Tax	3050.00	2250.00
Deferred Tax Expenses/(Income)	1349.86	95.26
(Excess)/short provision of tax for earlier year	51.80	50.76
<b>Profit After Tax</b>	<b>7693.16</b>	<b>4151.06</b>

**2. OVERVIEW OF COMPANY'S OPERATING RESULTS:-****Sales:-**

The Company is in the business of manufacturing of Pigments and Agrochemicals.

The Sales increased by ₹ 18677.18 Lakhs (18.26%) i.e. from ₹ 102301.00 Lakhs in FY 2017 to ₹ 120978.18 Lakhs in FY 2018.

The Sales of Pigment Division increased by ₹ 6038.92 Lakhs (11.74%) i.e. from ₹ 51428.05 Lakhs in FY 2017 to ₹ 57466.97 Lakhs in FY 2018.

The Sales of Agrochemical Division has increased by ₹ 15426.12 Lakhs (32.61%) i.e. from ₹ 47299.03 Lakhs in FY 2017 to ₹ 62725.15 Lakhs in FY 2018.

**1) DOMESTIC SALES:-**

The Domestic Sales decreased by ₹ (1618.75) Lakhs (4.81%) i.e. from ₹ 33635.52 Lakhs in FY 2017 to ₹ 32,016.77 Lakhs in FY 2018.

The Domestic Sales of Pigment Division decreased by ₹ (4362.78) Lakhs (27.95%) i.e. from ₹ 15604.46 Lakhs in FY 2017 to ₹ 11241.68 Lakhs in FY 2018.

The Domestic Sales of Agro Division increased by ₹ 2783.96 Lakhs (15.47%) i.e. from ₹ 17999.54 Lakhs in FY 2017 to ₹ 20783.50 Lakhs in FY 2018.

## **DIRECTORS' REPORT**

### **2) EXPORT SALES :-**

The Export Sales increased by ₹ 20,295.93 Lakhs (29.56%) i.e. from ₹ 68665.48 Lakhs in FY 2017 to ₹ 88961.41 Lakhs in FY 2018.

The Export Sales of Pigment Division increased by ₹ 10401.69 Lakhs (29.03 %) i.e. from ₹ 35823.60 Lakhs in FY 2017 to ₹ 46225.29 Lakhs in FY 2018.

The Export Sales of Agro Division increased by ₹ 12642.16 Lakhs (43.14%) i.e. from ₹ 29299.48 Lakhs in FY 2017 to ₹ 41941.64 Lakhs in FY 2018.

### **3) OTHER INCOME :-**

Other Income increased by ₹ 1514.24 Lakhs mainly due to favorable Rupee- Dollar exchange rate.

### **4) PROFIT:-**

Profit Before Tax (PBT) increased by ₹ 5597.74 Lakhs i.e. by (85.50%) while Profit after Tax (PAT) increased by ₹ 3542.09 Lakhs i.e. by (85.33 %). PBT increased due to :

- (i) Higher Capacity Utilization.
- (ii) Improved Sales Realization on account of Product Mix.
- (iii) Lower Finance cost on account of regular Repayment.
- (iv) Higher volume of Export Sales.

### **3. DIVIDEND:-**

The Board of Directors has recommended payment of dividend at ₹ 0.40 per Equity Share on 254,314,211 Equity Shares of ₹ 1/- each fully paid for Financial year 2017-18. The dividend will entail an out flow of ₹ 1224.35 Lakhs including dividend distribution tax. The proposed dividend is tax free in the hands of shareholders.

During the year, unclaimed dividend amount of ₹ 4.66 Lakhs pertaining to financial year 2009-10 were transferred to Investor Education & Protection Fund (IEPF) established by the Central Government, while Unclaimed Dividend relating to Financial Year 2010-11 is due for transfer on 10.08.2018 to IEPF.

### **4. AUDITORS REPORT:-**

There is no qualification, reservation or adverse remarks or disclaimer made by the Auditors in their report on the Financial Statement of the Company for the Financial Year ended on 31st March, 2018.

### **5. SHARE CAPITAL:-**

The Paid up Equity Share Capital as on March 31, 2018 was ₹ 2543.14 Lakhs. During the year under review, the Company has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme. The Company has not issued any convertible instrument during the year.

No disclosure is required under Section 67(3)(c) of the Companies Act, 2013 (Act) in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

### **6. FINANCIAL LIQUIDITY:-**

Cash and Cash Equivalent as at 31 March, 2018 was ₹ 122.51 Lakhs (Previous year ₹ 105.33 Lakhs). The Company's working capital management is based on a well-organized process of continuous monitoring and controls on Receivables, Inventories and other parameters.

### **7. CREDIT RATING:-**

CRISIL has re-affirmed Long Term Rating CRISILA +/- Stable and Short Term Rating CRISILA1 to its total Bank facility of ₹ 707.00 Crore vide its letter MEGORGN/197945/BLR/041800762 dated April 17, 2018.

## DIRECTORS' REPORT

### 8. EXTRACT OF ANNUAL RETURN:-

As required by Section 92(3) of the Companies Act, 2013 and the Rules framed there under, the extract of the Annual Return in Form MGT 9 is annexed herewith as "Annexure B".

### 9. MEETINGS:-

#### BOARD MEETINGS:-

During the year, Four Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

#### AUDIT COMMITTEE MEETINGS:-

During the year, Four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report.

### 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. RELATED PARTY TRANSACTIONS (RPT):-

All contracts / arrangements / transactions entered into with Related Parties during the Financial Year were in the ordinary course of business and on an arm's length basis. There were no Materially Related Party Transactions i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements. Hence, no transactions are required to be reported in Form AOC2.

The Company had also taken members' approval at its Annual General Meeting held on 26th 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.

The Company has obtained prior Omnibus Approval of the Audit Committee for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the Omnibus Approval so granted are audited and a statement giving the details of all Related Party Transactions is placed before the Audit Committee for their approval on a Quarterly basis.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website may be accessed on the Company's website.

### 12. MATERIAL CHANGES:-

No material changes or commitments have occurred between the end of the calendar year and the date of this report which affect the Financial Statements of the Company in respect of the reporting year.

### 13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:-

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

### 14. SUBSIDIARY COMPANIES:-

As provided in Section 136 of the Act, the Balance Sheet, Statement of Profit and Loss and other documents of the Subsidiary Companies are not being attached with the Balance Sheet of the Company. The Company will make available free of cost the Audited Financial Statements of the Subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Financial Statements of the Subsidiary Companies will also be kept open for inspection at the Registered Office of the Company and that of the respective Subsidiary Companies. The Consolidated Financial Statements presented by the Company include financial results of its Subsidiary Companies

During the year under review, the Company has incorporated a Wholly Owned Subsidiary namely, "Meghmani Agrochemicals Private Limited" on 23 August 2017.

## **DIRECTORS' REPORT**

The Company has following Five Subsidiaries.

Sr. No.	Name of the Subsidiary	Business
1.	Meghmani Organics USA INC. (USA)	Distribution Business
2.	P T Meghmani Organics Indonesia (Indonesia)	Distribution Business
3.	Meghmani Overseas FZE - Sharjah - Dubai	Distribution Business
4.	Meghmani Agrochemicals Private Limited	Chemical Manufacturing
5.	Meghmani Finechem Limited	Chemical Manufacturing

As provided under Section 129[3] of the Act and Rules made thereunder a statement containing the salient features of the Financial Statements of its subsidiaries in the format prescribed under the rules is attached to the Financial Statements.

The policy relating to material Subsidiaries as approved by the Board may be accessed on the Company's website.

### **15. CONSOLIDATED FINANCIAL STATEMENT:-**

In accordance with the Ind AS-110 on Consolidation of Financial Statements read with Ind AS-28 on Accounting for Investments in Associates and Joint Ventures and as provided under the provisions of the Companies Act, 2013 [hereinafter referred to as "Act"] read with Schedule III to the Act and Rules made thereunder and Accounting Standards and Regulation as prescribed by Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audited Consolidated Financial Statements are provided in the Annual Report, which show the Financial Resources, Assets, Liabilities, Income, Profits and Other Details of the Company, its Associate Companies and its Subsidiaries after elimination of minority interest, as a single entity.

The Consolidated Financial Statements have been prepared on the basis of the Audited Financial Statements of the Company and its Subsidiary Companies, as approved by their respective Board of Directors.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Financial Statements of the Company, the Consolidated Financial Statements along with all relevant documents and the Auditor's Report thereon form part of this Annual Report. The Financial Statements as stated above are also available on the website [www.meghmani.com](http://www.meghmani.com) of the Company.

### **16. DIRECTORS/ KEY MANAGERIAL PERSONNEL (KMP):-**

#### **CHANGES IN DIRECTOR:-**

During the year under review:

- (1) Mr. Jayaraman Vishwanathan, an Independent Director resigned on 8th November, 2017.
- (2) Mr. Kantibhai Patel, an Independent Director resigned on 10th February, 2018.
- (3) Mr. A. L. Radhakrishnan, an Independent Director resident in Singapore was appointed on 20th October, 2017, resigned on 10th February, 2018.
- (4) Mr. Chinubhai Shah, an Independent Director resigned on 14th May, 2018.
- (5) Mr. Manubhai Patel, an Independent Non-Executive Director, Mr. Bhaskar Rao, and Mr. C. S. Liew, an Independent Non-Executive Directors Resident in Singapore were appointed on 10th February, 2018.

At the last Annual General Meeting held on July 27, 2017, the Members had re-appointed Mr. Natwarlal Patel-Managing Director and Mr. Rameshbhai Patel - Executive Director of the Company.

Mr. Anandbhabhai Patel, Executive Director and Mr. Jayantibhai Patel, Executive Chairman, who retires by rotation and being eligible offer themselves for reappointment. The Board recommends their reappointment. The details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting has been provided in the Notice of the Annual General Meeting, forming part of the Annual Report.

**DIRECTORS' REPORT****KEY MANAGERIAL PERSONNEL:-**

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

1. Mr. Ankit Patel – Chief Executive Officer (CEO) (w.e.f. 22.05.2017)
2. Mr. Kamlesh Mehta – Company Secretary
3. Mr. Gurjant Singh Chahal – Chief Financial Officer (CFO) (w.e.f. 10.02.2018)

During the year, Mr. Raj Kumar Mehta, CFO, resigned on 31st December, 2017.

**17. INTERNAL AUDIT :-**

The Internal Audit function reports to the Audit Committee of the Board, which helps to maintain its objectivity and independence. The scope and authority of the Internal Audit function is defined by Audit Committee. The Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

M/s. C N K Khandwala & Associates, Chartered Accountants has been reappointed as Internal Auditor for the Financial Year 2018-19.

**18. FIXED DEPOSITS:-**

During the year, the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed there under.

**19. INDEPENDENT DIRECTORS- DECLARATION OF INDEPENDENCE:-**

The Independent Directors hold office for a fixed term of five years and are not liable to retire by Rotation. In accordance with Section 149(7) of the Companies Act 2013, each Independent Director has given a written declaration to the Company confirming that he/she meets the criteria of Independence as mentioned under Section 149(6) of the Companies Act, 2013 and SEBI Regulations.

**20. CORPORATE SOCIAL RESPONSIBILITY (CSR) :-**

Your Company continued the social development schemes initiated in previous years. These projects covered the broad thematic areas of Livelihood, Education, Kanya Kelwani Nidhi and Vanvasi Kalyan Yojana that are in compliant with Companies Act 2013.

During Financial Year 2017-18, the Company has spent an amount of ₹ 26.22 Lakhs (Previous year ₹ 87.98 Lakhs) towards the CSR activities. Total CSR amount to be spent till 31st March, 2018 is ₹ 180.20 Lakhs.

**21. BOARD EVALUATION:-**

Pursuant to the provisions of the Companies Act, 2013, SEBI Regulations, and Singapore Listing requirements, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**22. REMUNERATION POLICY:-**

The Board has, on the recommendation of Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

**23. 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 the Company's code of conduct, if any. The details of the WHISTLE BLOWER POLICY are posted on the website of the Company.

## **DIRECTORS' REPORT**

### **24. CORPORATE GOVERNANCE:-**

A Separate Section on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this report, as per SEBI Regulations. This report also forms part of Singapore Stock Exchange listing requirements.

### **25. 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 (23rd) held on 27th July, 2017 to hold office from the conclusion of 23rd Annual General Meeting (AGM) till the conclusion of 28th 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).

To meet with the Singapore Listing Rules requirement, the Company is required to appoint Joint Auditor based at Singapore. The Company has therefore decided to appoint E&Y LLP Singapore as Joint Auditor for FY 2018-19 to comply with IFRS requirements of Singapore Listing Rules.

#### **(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 had appointed M/s Shah & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for FY 2017-18. The Secretarial Audit Report 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 in respect of Certain Pigment and Agrochemicals products are required to be audited by a Qualified Cost Accountant.

Your Directors on the recommendation of the Audit Committee appointed M/s. Kiran J Mehta & Co. Cost Accountants (Firm Registration number 00025) to audit the Cost Accounts of the Company for the Financial Year 2018-19.

A Resolution seeking appointment and remuneration payable to M/s. Kiran J Mehta & Co., Cost Accountants, is included in the Notice convening the Annual General Meeting.

### **26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:-**

As per Clause 34(2) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report, is appended to this report.

### **27. INSURANCE:-**

The Company's Plant, Property, Equipments and Stocks are adequately insured under the Industrial All Risk Policy. The Company has insurance coverage for Product Liability, Public Liability, Marine coverage And Commercial General Liability (CGL). The Company has Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

### **28. FINANCE:- RENEWAL OF WORKING CAPITAL FACILITY:-**

The Consortium Bank Members viz., State Bank of India, ICICI Bank Limited, HDFC Bank Limited and Standard Chartered Bank has renewed Fund Based and Non Fund Based Working Capital Credit Facilities up to ₹ 40,000 Lakhs. The Company has executed Security Documents.

During the year ICICI Bank Limited has sanctioned Rupee Term Loan of ₹ 12,500 Lakhs and Axis Bank Limited has sanctioned ₹ 12,200 Lakhs (Comprising Term Loan of ₹ 9,200 Lakhs and Working Capital facility of ₹ 3,000 Lakhs).

### **29. AGROCHEMICAL REGISTRATION:-**

To date, we have **260 Export Registrations** including Co-partner Registrations world wide. The Company has **307 Registrations** of Central Insecticides Board (CIB), Faridabad, **35 Registered Trade Marks** and **333 Export Registrations** are in pipe line.



**DIRECTORS' REPORT****30. RESEARCH & DEVELOPMENT:-**

During the year, laboratory facility situated at Village Chharodi, Ahmedabad has been granted Certificate of GLP Compliance from National Good Laboratory Practice (GLP) Compliance Monitoring Authority (NGCMA), Department of Science and Technology, Government of India vide certificate No. GLP/C-106/2017 dated 18th October, 2017, for a period five years up to 17.10.2020.

Research and Development (R & D) Center of the Company at Village Chharodi, Taluka : Sanand, District : Ahmedabad is registered by Council of Scientific & Industrial Research (CSIR), New Delhi. R & D Center carries out Development of off-patent molecules, improvements in process parameters, time cycle optimization, and scale up of new technology from laboratory to production level. During the year the Company has spent ₹ 191.29 Lakhs (Previous year ₹ 157.13 Lakhs) as R & D expenses.

**31. ANNUAL LISTING FEE:-**

The Company has paid the Annual Listing Fees for the Financial Year 2018-19 to National Stock Exchange of India Limited, BSE Limited and Singapore Exchange.

**32. ENVIRONMENT:-**

As a responsible corporate citizen and as a chemicals manufacturer environmental safety has been one of the key concerns of the Company. It is the constant endeavour of the Company to strive for compliant of stipulated pollution control norms. During the year the Company has spent ₹ 2084.08 Lakhs (Previous year ₹ 1157.04 Lakhs).

**33. INDUSTRIAL RELATIONS:-**

The relationship with the workmen and staff remained co-ordial and harmonious during the year and management received full cooperation from Employees.

**34. PARTICULARS OF EMPLOYEES:-**

The applicable information required pursuant to Section 197 of the Companies Act, 2013 read with Rule (5) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 in respect of the employees are as under.

- i. ratio of remuneration of each Director to the median employee's is 78.
- ii. percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any
- iii. The percentage increase in the median remuneration of employees is **11%**.
- iv. The number of permanent employees on the rolls of Company is **1617**.
- v. The Sales Turnover of the Company has increased by **18.26%** while the Net Profit by **85.33%**. There is no direct relationship between average increase in remuneration of employee and Company performance.
- vi. The Sales Turnover of the Company has increased by **18.26%** while the Net Profit by **85.33%**. There is no direct relationship between average increase in remuneration of KMP and Company performance.

Sr. No.	Name	Designation	% increase
1	Mr. Jayanti Patel	Executive Chairman	82%
2	Mr. Ashish Soparkar	Managing Director	81%
3	Mr. Natwarlal Patel	Managing Director	81%
4	Mr. Ramesh Patel	Executive Director	55%
5	Mr. Anand Patel	Executive Director	39%
6	Mr. Kamlesh Mehta	Company Secretary	7%
7	Mr. Ankit Patel	Chief Executive Officer	Nil

## **DIRECTORS' REPORT**

- vii. The Price earning ratio as at 31.03.2018 is **27.89** and 31.03.2017 was **22.88**.

The Market Capitalisation as on 31.03.2018 was ₹ **2,14,895 Lakhs** (Share Price ₹ **84.50** per Equity Share) while on 31.03.2017 was ₹ **94,859 Lakhs** (Share Price ₹ 37.30 per Equity Share)

The Company had made its IPO in 2007 at ₹ **19/-** per Equity Share of Rs. 1/- each. The Share price as on 31 March, 2018 was ₹ **84.50/-** per Equity Share of ₹ 1/- each. The percentage increase in the market quotation was **344.74%**

- viii. There is no employee receiving remuneration in excess of the highest paid Director.
- ix. All the components of the remuneration are fixed and no components are variable.
- x. The remuneration paid to Working Directors is as per Schedule V of the Companies Act, 2013 and as per remuneration policy of the Company.
- xi. Particulars of Employees:- Employed throughout the financial year receiving remuneration in aggregate, not less than ₹ 60 lakhs.

(₹ in Lakhs)

Sr. No.	Name	Salary Per Annum	Perquisites Per Annum	Performance Bonus	Total
1	Mr. Jayanti Patel	60	7.79	100	167.79
2	Mr. Ashish Soparkar	60	7.67	100	167.67
3	Mr. Natwarlal Patel	60	7.67	100	167.67
4	Mr. Ramesh Patel	60	7.66	60	127.66
5	Mr. Anand Patel	60	7.28	40	107.28
	<b>Total</b>	<b>300</b>	<b>38.07</b>	<b>400</b>	<b>738.07</b>

- xii. No Employee was employed for a part of the financial year at an aggregate salary of not less than Rs. 5 lakhs per month.
- xiii. No one was employed through out the financial year or part thereof receiving remuneration in excess of the amount drawn by Managing Director.

### **35. DIRECTORS' RESPONSIBILITY STATEMENT:-**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Companies Act (Act):—

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 as at 31st March, 2018 and of the profit of the Company for the period ended on 31st March, 2018.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the Annual Accounts on a Going Concern Basis;
- The Directors had laid down Internal Financial Controls (IFC) and that such Internal Financial Controls are adequate and have been operating effectively.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems have been found adequate and operating effectively.

**DIRECTORS' REPORT****ACKNOWLEDGMENT:-**

Your Directors thank 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**  
**Jayanti Patel**  
**Executive Chairman**  
**DIN - 0007224**

**Date: 26 May, 2018**  
**Place: Ahmedabad**

## **ANNEXURE TO THE DIRECTRS REPORT**

### **ANNEXURE-A**

#### **1. CONSERVATION OF ENERGY:**

A	Energy conservation measures taken	<p>Pigment :- Vatva Plant</p> <ol style="list-style-type: none"> <li>1) Installed new Air compressor at boiler as per the Energy audit report.</li> <li>2) Installed new chilling plant of 60TR instead of 100 TR as per the energy audit report.</li> <li>3) Replaced LED lightening instead of normal lightening as per energy audit report.</li> <li>4) Replacement of cooling towers pumps as per energy audit report.</li> <li>5) ETP Sludge dryer installed to reduce sludge quantity.</li> <li>6) Replacement of both the cooling towers of plant process.</li> <li>7) Installed new R.O. Plant for both the cooling towers to avoid scaling in plant Heat Exchangers.</li> </ol> <p>Pigment :- Panoli</p> <ol style="list-style-type: none"> <li>1) Application of Delta Star Convector for Under loaded Motors</li> <li>2) Replaced LED Light in place of conventional tube light</li> <li>3) Reduction of high discharge pressure &amp; overhauling of utility screw</li> <li>4) Replaced existing compressor with new compressor</li> <li>5) Replacement of existing raw water pump for process</li> <li>6) Replacement of existing recirculation pump</li> <li>7) Performance improvement of chilling plant, Boiler1 &amp;2</li> <li>8) Energy saving through heat recovery in Alpha plant.</li> </ol> <p>Agrochemicals:-</p> <ol style="list-style-type: none"> <li>1) Performance improvement of Coal fire boiler</li> <li>2) Power factor improvement by APFC</li> <li>3) Refurbishment of Plant A &amp; B Cooling Tower pump by new impeller &amp; temperature controller in tower</li> </ol>
B	Additional investments and proposals if any being implemented for reduction of consumption of energy	-
C	Impact of the measures at (a) & (b) above for reduction of the energy consumption and consequent impact on the cost of production of goods.	<p>Pigment Vatva Plant:- Saving of ₹ 4.0 Lakhs per month as saving by energy audit scheme.</p> <p>Pigment Panoli Plant – We have saved unit 1224544 KWH/ ₹150 Lakhs (Approximately)</p>
D	Total energy consumption and energy consumption per unit of production	As per Form – A

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**ANNEXURE TO THE DIRECTRS REPORT****FORM A****Form for disclosure of particulars with respect to conservation of Energy**

Particulars		2017-18	2016-17
<b>A Power Consumption</b>			
1 Electricity Consumption			
(a) Purchase			
Unit	KWH	7,63,73,315	6,87,82,556
Total Amount	₹	47,48,64,455	46,57,27,959
Rate/Unit	₹/ KWH	6.22	6.77
(b) Own Generation through Diesel Generator			
Unit	KWH	-	50,542
Total Amount	KWH	-	13,31,109
Cost/Unit	₹/ KWH	-	26.34
(c) Own Generation through steam Turbine/Generator			
Unit	KWH	2,80,574	2,41,464
Total Amount	₹	32,36,525	21,23,950
Cost / Unit	₹/ KWH	11.54	8.80
2 Coal (Specify Quality and Used)			
Stem Generated	(MT)	2,74,750	3,09,035
Consumption of Coal /Lignite /Others	(MT)	55,014	63,039
Gas Consumption	(In 1000 Cubic Meter)	191	280
Cost per Unit	(KG)	1.05	0.85
3 Others/Internal Generations			
<b>B Consumption per unit of</b>			
Production in	(MT)	44,413	32,025
Electricity	(₹/MT)	10,765	14,651

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## **ANNEXURE TO THE DIRECTRS REPORT**

### **2. TECHNOLOGY ABSORPTION:**

#### **Form-B**

#### **A. Form for disclosure of particulars with respect to Technology Absorption, Research & Development**

1	Specific areas in which R & D is carried out by the Company.	Pigment :- 1. Alpha Blue: Sulfuric Acid consumption reduced by 1% 2. Beta Blue 15:3 : Addition of 1% Sulpho CPC to EER grade Beta Agrochemicals:- 1. Improvement in existing manufacturing Process of Agrochemical Products 2. GLP Study – Generating Data
2	Benefits derived as a result of the above R & D.	Pigment :- 1. Cost of production of Alpha Blue reduced. 2. Improved the suitability for Vinyl Ink for local various customers. Agrochemicals:- 1. Reduction in cost of production as a result of process improvement 2. GLP Study data helps reduces the cost of overseas Export Registration.
3	Future Plan of Action	To Reduce the Filter Pressure value of Alpha 15:1 BK-P
4	Expenditure on R & D	₹ 191.29 Lakhs

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

A	Efforts, in brief, made towards technology absorption, adaptation and innovation.	-
B	Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc.	-
C	Imported technology (imported during the last 5 years reckoned from the beginning of the financial year.	During the last five years, no technology has been imported by way of foreign collaboration or otherwise for the existing products of the Company.

### **3. Foreign Exchange Earnings and Outgo:**

Foreign Exchange Earnings: - ₹ 87,912.70 Lakhs

Foreign Exchange Outgo: - ₹ 10,115.96 Lakhs

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

**Place : Ahmedabad**

**Date : 26.05.2018**

**(Jayanti Patel)**  
**Executive Chairman**  
**DIN-00027224**

**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**

<b>I. Registration and other details</b>					
CIN	L24110GJ1995PLC024052				
Registration Date	2nd January, 1995				
Name of the Company	Meghmani Organics Limited				
Category/Sub-category of the Company	Company having Share Capital				
Address of the Registered Office and contact details	Plot No. 184, Phase II, GIDC Vatva, Ahmedabad - 382 445, Ph- 91-79-25831210				
Whether Listed Company	Yes				
Name, address and contact details of the Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 4918 6270 Fax: +91 22 4918 6060				
<b>II. Principal Business Activities of the Company</b>					
<b>All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated.</b>					
<b>Name &amp; Description of main Products/Services</b>	<b>NIC Code of the Product/ Service</b>	<b>% of total turnover of the Company</b>			
Pigments	20114	47.24			
Agro Chemicals	20211	52.12			
Other	-	00.64			
<b>III. Particulars of Holding, Subsidiary &amp; Associate Companies</b>					
<b>Sr. No.</b>	<b>Name &amp; Address of the Company</b>	<b>CIN/GIN</b>	<b>Holding/ Subsidiary/</b>	<b>% of shares held</b>	<b>Applicable Section</b>
1	Meghmani Organics USA, Inc.	Foreign Company	Subsidiary	100	2(87)
2	Meghmanu Europe BVBA	Foreign Company	Subsidiary	100	2(87)
3	PT Meghmani Organics Indonesia	Foreign Company	Subsidiary	100	2(87)
4	Meghmani Overseas FZE	Foreign Company	Subsidiary	100	2(87)
5	Meghmani Agrochemicals Private Limited	U24299GJ2017PTC098804	Subsidiary	100	2(87)
6	Meghmani Finechem Limited	U24100GJ2007PLC051717	Subsidiary	57	2(87)



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

**i) Category-wise Shareholding**

Category Code	Category Of Share Holder	Shareholding at the beginning of the year 2017			Shareholding at the end of the year 2018			% of Change During the year
		Demat	Physical	Total	Demat	Physical	Total	
(A)	<b>SHAREHOLDING OF PROMOTER &amp; PROMOTER GROUP</b>							
1	<b>INDIAN</b>							
(a)	INDIVIDUAL /HUF	127558319	-	127558319	121281164	-	121281164	-2.47
(b)	CENTRAL / STATE GOVERNMENT(S)	-	-	-	-	-	-	-
(c)	BODIES CORPORATE	-	-	-	-	-	-	-
(d)	FINANCIAL INSTITUTIONS / BANKS	-	-	-	-	-	-	-
(e)	ANY OTHER (SPECIFY)	-	-	-	-	-	-	-
	<b>SUB TOTAL : (A) 1</b>	<b>127558319</b>	<b>-</b>	<b>127558319</b>	<b>121281164</b>	<b>-</b>	<b>121281164</b>	<b>-2.47</b>
2	<b>FOREIGN</b>							
(a)	INDIVIDUAL	-	-	-	-	-	-	-
(b)	BODIES CORPORATE	-	-	-	-	-	-	-
(c)	INSTITUTIONS	-	-	-	-	-	-	-
(d)	QUALIFIED FOREIGN INVESTOR - CORPORATE	-	-	-	-	-	-	-
(e)	ANY OTHER	-	-	-	-	-	-	-
	<b>SUB TOTAL : (A) 2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(A)	<b>TOTAL HOLDING FOR PROMOTERS : (A) 1 + (A) 2</b>	<b>127558319</b>	<b>-</b>	<b>127558319</b>	<b>121281164</b>	<b>-</b>	<b>121281164</b>	<b>-2.47</b>

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)									
Category Code	Category of Share Holder	Shareholding at the beginning of the year 2017			Shareholding at the end of the year 2018			% of Change During the year	
		Demat	Physical	Total	% of total Shares	Demat	Physical		Total
(B) 1	PUBLIC SHAREHOLDING								-
(a)	INSTITUTIONS	-	-	-	-	-	-	-	-
(b)	MUTUAL FUNDS / UTI	-	-	-	-	428298	-	428298	0.17
(c)	FINANCIAL INSTITUTIONS / BANKS	641912	-	641912	0.25	1029379	-	1029379	0.40
(d)	ALTERNATE INVESTMENT FUND	-	-	-	-	120000	-	120000	0.05
(e)	FORIG PORTFOLIO INVESTOR	7394653	-	7394653	2.91	8649768	-	8649768	3.40
(f)	INSURANCE COMPANIES	-	-	-	-	-	-	-	-
(g)	FOREIGN INSTNUTIONAL INVESTORS	-	-	-	-	-	-	-	-
(h)	FOREIGN PORTFOLIO INVESTOR	-	-	-	-	-	-	-	-
(i)	QUALIFIED FOREIGN INVESTOR - CORPORATE	-	-	-	-	-	-	-	-
	ANY OTHER (SPECIFY)	-	-	-	-	-	-	-	-
	SUB TOTAL : (B) 1	8036565	-	8036565	3.16%	10227445	-	10227445	4.02%
2	NON-INSTITUTIONS								0.86
(a)	BODIES CORPORATE	19022838	-	19022838	7.48	17035562	-	17035562	6.70
(b)	INDIVIDUAL (CAPITAL < Rs. 2 LAKH)	60261136	100976	60362112	23.74	68422052	100976	68523028	26.94
(b)	INDIVIDUAL (CAPITAL > Rs. 2 LAKH)	5733575	150000	5883575	2.31	11871283	-	11871283	4.67
(d)	CLEARING MEMBER	2400624	-	2400624	0.94	2062742	-	2062742	0.81
(g)	NON RESIDENT INDIANS (REPAT)	2908961	-	2908961	1.14	3451134	-	3451134	1.36
(h)	NON RESIDENT INDIANS (NON REPAT)	413499	-	413499	0.16	874769	-	874769	0.34
(i)	FOREIGN COMPANIES	-	-	-	-	-	-	-	-
(j)	OVERSEAS BODIES CORPORATES	-	-	-	-	-	-	-	-
(j)	QUALIFIED FOREIGN INVESTOR - CORPORATE	-	-	-	-	-	-	-	-
(k)	TRUSTS	5000	-	5000	0.00	1000	-	1000	-
(l)	ANY OTHERS (HUF & IEPF)	5069118	-	5069118	1.99	5362544	-	5362544	2.11
	SUB TOTAL ::(B) 2	95814751	250976	96065727	37.77	109081086	100976	109182062	42.93
									5.17

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

Category Code	Category of Share Holder	Shareholding at the beginning of the year 2017			Shareholding at the end of the year 2018			% of Change During the year
		Demat	Physical	Total	Demat	Physical	Total	
(B)	TOTAL HOLDING FOR PUBLIC : (B)1 + B(2)	103851316	250976	104102292	119308531	100976	119409507	-6.027
	TOTAL (A)+(B)	231409635	250976	231660611	240589695	100976	240690671	3.54
(C)	NON PROMOTER NON PUBLIC							
1	CUSTODIAN/ DR HOLDER	22653600	-	22653600	13623540	-	13623540	-3.54
2	EMPLOYEE BENEFIT TRUST	-	-	-				
(C)	SUB TOTAL : (C)	22653600	-	22653600	13623540	-	13623540	-3.54
	GRAND TOTAL (A)+(B)+(C)	254063235	250976	254314211				

## ii) Shareholdings of Promoters

Shareholders Name	Shareholding at the beginning of the year (April 01, 2017)			Shareholding at the end of the year (March 31, 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	
Jayatibhai Patel	18560390	7.30	-	18560390	7.30	-	0.00
Ashish Soparkar	24585628	9.67	-	24680410	9.70	-	0.03
Natwarlal Patel	25712130	10.11	-	25712130	10.11	-	0.00
Rameshbhai Patel	16422392	6.46	-	16422392	6.46	-	0.00
Anandbhai Patel	8130200	3.20	-	8148081	3.20	-	0.00

## (iii) Change in Promoter's Shareholding

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	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				

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

Name of Shareholders	Shareholding at the beginning of the year – April 01, 2017		Cumulative Shareholding at the end of the year- March 31, 2018	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
DBS Nominees (Pvt.) Limited	22653600	8.91	13623540	5.36
VLS Finance Limited	7500000	2.95	6230000	2.23
Gadia Naveen Vishwanath	2869250	1.13	3140100	1.23
Emerging Markets Core Equity Portfolio	135346	0.05	1502232	0.59
Dolly Khanna	1020665	0.40	939652	0.37
ICICI Bank Limited	597685	0.24	892656	0.35
VLS Capital Limited	1795646	0.71	790611	0.31
Angle Broking Private Limited	629901	0.25	728350	0.29
Goldman Sachs (Singapore) Pte. Ltd.	1316810	0.52	24922	0.01
Ashmore Sicav Indian Small Cap Equity Fund	798137	0.31	0	0.00

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

For each of Directors and KMP	Shareholding at the beginning of the year April 01, 2017		Cumulative Shareholding at end of the year March 31, 2018	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Jayantibhai Patel	18560390	7.30	18560390	7.30
Mr. Ashish Soparkar	24585628	9.67	24680410	9.70
Mr. Natwarlal Patel	25712130	10.11	25712130	10.11
Mr. Rameshbhai Patel	16422392	6.46	16422392	6.46
Mr. Anandbhai Patel	8130200	3.20	8148081	3.20
Mr. Balkrishna Thakkar	-	-	-	-
Mr. Chinubhai Shah	1000	0.00	10000	0.00
Mr. Manubhai Patel	-	-	-	-
Mr. Bhaskar Rao	-	-	-	-
Mr. Chander Kumar Sabharwal	-	-	-	-
Ms Urvashi Shah	-	-	-	-
Mr. C. S. Liew	-	-	-	-
Mr. G. S. Chahal	-	-	-	-
Mr. Kamlesh Mehta	-	-	-	-
Mr. Ankit Patel	3020865	1.19	3020865	1.19
	<b>96432605</b>	<b>37.92</b>	<b>96554268</b>	<b>37.96</b>

**V. Indebtedness**
**Indebtedness of the Company Including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits (₹ In Lakhs)	Unsecured Loans (₹ In Lakhs)	Deposits (₹ In Lakhs)	Total Indebtedness (₹ In Lakhs)
<b>Indebtedness at the beginning of FY</b>				
i) Principal Amount	33769.34	-	-	33769.34
ii) Interest due but not paid	0.74	-	-	0.74
iii) Interest accrued but not due	144.11	-	-	144.11
<b>Total (i+ii+iii)</b>	<b>33914.19</b>	<b>-</b>	<b>-</b>	<b>33914.19</b>
<b>Change in Indebtedness during FY</b>				
Addition	18700.00	-	-	18700.00
Reduction	(21315.61)	-	-	(21315.61)
<b>Net Change</b>	<b>(2615.61)</b>	<b>-</b>	<b>-</b>	<b>(2615.61)</b>
<b>Indebtedness at the end of the FY</b>				
i) Principal Amount	31153.73	-	-	31153.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	72.05	-	-	72.05
<b>Total (i+ii+iii)</b>	<b>31225.78</b>	<b>-</b>	<b>-</b>	<b>31225.78</b>

## VI. Remuneration of Directors and Key Managerial Personnel

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

Particulars of Remuneration	Mr. Jayanti Patel (Executive Chairman)	Mr. Ashish Soparkar (Managing Director)	Mr. Natwarlal. Patel (Managing Director)	Mr. Ramesh Patel (Executive Director)	Mr. Anand Patel (Executive Director)	Total Amount (₹ In Lakhs)
Gross Salary						
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	60.00	60.00	60.00	60.00	60.00	300.00
Value of perquisites under Section 17(2) of the Income Tax Act, 1961	7.79	7.67	7.67	7.66	7.28	38.07
Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
Stock Options	-	-	-	-	-	-
Sweat Equity	-	-	-	-	-	-
Commission (as % of Profit)	-	-	-	-	-	-
Others (Performance Bonus)	100.00	100.00	100.00	60.00	40.00	400.00
<b>Total (A)</b>	<b>167.79</b>	<b>167.67</b>	<b>167.67</b>	<b>127.66</b>	<b>107.28</b>	<b>738.07</b>

## B. Remuneration to other Non –Executive Independent Directors

Particulars of Remuneration	Name of Directors						Total Amount (₹ In Lakhs)
	Mr. Chinubhai Shah	Mr. B T Thakkar	Mr. Jayaraman Vishwanathan	Mr. K. H. Patel	Mr. Chander. Sabharwal	Ms Urvashi Shah	
Fees for attending Board/ Committee Meetings	4.25	4.25	1.00	1.75	1.00	0.75	13.00
Commission	-	-	-	-	-	-	-
Others, Please Specify	-	-	-	-	-	-	-
<b>Total (B)</b>	<b>4.25</b>	<b>4.25</b>	<b>1.00</b>	<b>1.75</b>	<b>1.00</b>	<b>0.75</b>	<b>13.00</b>

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

Particulars of Remuneration	Key Managerial Personnel (KMP)				
	Mr. Ankit Patel (CEO)	Mr. K. D. Mehta, Company Secretary (CS)	Mr. Rajkumar Mehta, Chief Financial Officer (CFO)*	Mr. G.S. Chahal, Chief Financial Officer (CFO)**	Total Amount (₹ In Lakhs)
Gross Salary					
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	-	22.08	26.67	9.42	58.17
Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	0.00	0.00	0.00	0.00
Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	0.00	0.00	0.00	0.00
Stock Options	-	0.00	0.00	0.00	0.00
Sweat Equity	-	0.00	0.00	0.00	0.00
Commission ( as % of Profit)	-	0.00	0.00	0.00	0.00
Others	-	0.00	0.00	0.00	0.00
<b>Total (C)</b>	<b>-</b>	<b>22.08</b>	<b>26.67</b>	<b>9.42</b>	<b>58.17</b>

\* For the period from 18.05.2017 to 31.12.2017.

\*\* For the period from 26.12.2017 to 31.03.2018.

**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 Organics Limited**  
 Plot No. 184, Phase II,  
 GIDC Vatva, Ahmedabad-382 445

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Meghmani Organics 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 31<sup>st</sup> 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 31<sup>st</sup> 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;
  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;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;

- 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;
  - 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 National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).
  - ii. Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015;
  - 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.

The 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: 26<sup>th</sup> May, 2018**

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

**Kaushik Shah**  
**Partner**  
**FCS No 2420 CP No-1414**

**ANNEXURE - 1**

- (1) INSECTICIDES ACT, 1968
- (2) ENVIRONMENT PROTECTION ACT, 1986
- (3) THE GOODS AND SERVICES TAX ACT, 2016
- (4) INDIAN EXPLOSIVE ACT, 1952 – POISON ACT, 1884
- (5) INCOME TAX ACT, 1961
- (6) PROFESSIONAL TAX, 1976
- (7) NEGOTIABLE INSTRUMENT ACT, 1938
- (8) THE FACTORIES ACT, 1948
- (9) THE APPRENTICE ACT, 1961
- (10) THE INDUSTRIAL DISPUTE ACT, 1947
- (11) EMPLOYEES PROVIDENT FUND & MISC. PROVISIONS ACT
- (12) THE PAYMENT WAGES ACT, 1965
- (13) THE PAYMENT OF BONUS ACT, 1965
- (14) THE PAYMENT OF GRATUITY ACT, 1972
- (15) THE MINIMUM WAGES ACT, 1946
- (16) THE TRADE UNION ACT, 1926
- (17) THE EMPLOYMENT EXCHANGE ACT 1952
- (18) INDIAN STAMP ACT, 1899
- (19) THE TRADE MARKS ACT, 1999
- (20) FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992
- (21) ESSENTIAL COMMODITIES ACT 1955
- (22) CUSTOMS ACT 1962
- (23) INDUSTRIES (DEVELOPMENT AND REGULATION) ACT, 1951
- (24) COMPETITION ACT, 2002

**Place: Ahmedabad**  
**Date: 26<sup>th</sup> May, 2018**

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

**Kaushik Shah**  
**Partner**  
**FCS No 2420 CP No-1414**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Meghmani Organics continued to successfully implement its aggressive strategy for growth in FY18 delivering an impressive 27% YoY growth in Revenue, 49% YoY growth in EBITDA and 95% YoY growth in PAT. The stellar results bare testimony to the success of the Company's strategy to focus on higher-value products coupled with increasing utilisations and reduction in debt.

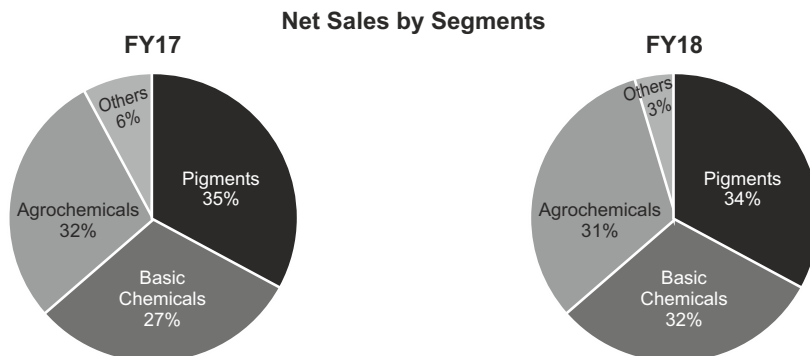
Meghmani Organics has today emerged as a well-diversified player in chemicals operating in a leading position across its three high potential businesses as: 1) Among Top 3 (capacity wise) global pigment players with a global market share of 14%, 2) A leading vertically-integrated agrochemical player and 3) The 4th largest Caustic-Chlorine player in terms of capacity in India. The Company operates 7 facilities in Gujarat, including 3 major facilities for Pigments, Agrochemicals and Basic Chemicals in Dahej, the chemicals zone of Gujarat. Over the years, the Company has built an extensive pan-India and global footprint with presence in more than 75 countries and a portfolio of over 400 clients.

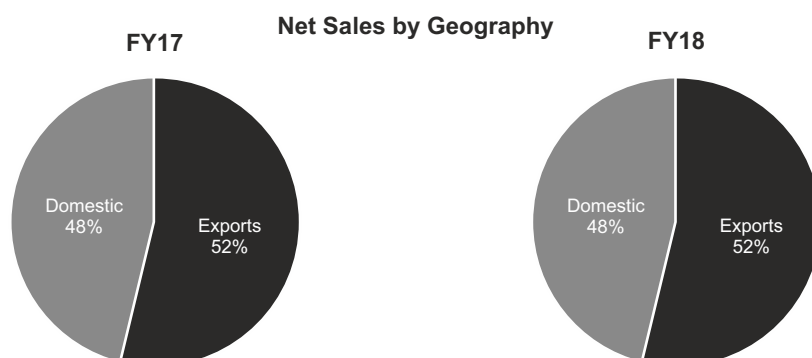
Last year, the Company initiated a landmark capex plan involving ₹6.4 bn of investments in Basic Chemicals. With the Company already operating at very high utilisation levels, this project is expected to be a major growth-driver going forward. The capex, which involves three projects, progressed as per plan during the year. The First Project of Chloromethane (CMS), with three co-products i.e. Methylene Dichloride (MDC), Chloroform and Carbon Tetra Chloride (CTC), is expected to be commissioned by December'18. This is to be followed by the Second Project related to expansion of Caustic Soda by 300 TPD, and Third Project, involving setting up of Hydrogen Peroxide plant of capacity 30,000 MTPA. Both of these projects are expected to be commissioned by June'19.

FY19 is anticipated to see the growth momentum across all segments. In the Pigments Segment, the Company is already among the global leaders and is looking to enter new kinds and colours of Pigments. Agrochemicals business is expected to continue its good performance on the back of increased demand following better monsoons in FY18. The Basic Chemicals business is also expected to grow on the back of the continued growth in Caustic Soda and ramping up of Caustic Potash Plant.

### **FY18 proved to be yet another year of profitable growth**

Consolidated revenue witnessed growth of 27% from ₹13,963 mn in FY17 to ₹17,747 in FY18 on the back of 29% growth in exports and 25% growth in domestic sales. Sales of high margin products and improved raw material prices resulted in increase of 360 bps in EBITDA margin reaching 24.3% as compared to last year's margin of 20.7%. EBITDA for the period jumped 49% to ₹4,312 mn as compared to ₹2,888 mn in FY17. PAT grew by 95% to ₹1,713 mn driven by 22% reduction in finance cost, taking the PAT margin to 9.7% in FY18 from 6.3% in FY17. Return on Capital Employed (ROCE) for the Company continued to



**MANAGEMENT DISCUSSION AND ANALYSIS**

increase, reaching 32% in FY18 from 21.2% in FY17 on the back of reduced debt and higher margins.

**Business Segments****I. Pigments****(a) Industry Opportunity****Global Pigments market is expected to reach \$27.6 bn by 2023**

The global Pigments market was valued at \$21.7 bn in 2017 and is expected to grow at 4.1% CAGR to reach \$27.6 bn in 2023,

As the future of the Pigments industry depends on the end-user industry, the constantly growing paint and coatings and plastics industry have been the main drivers of its growth. Paint and coating industry is expected to grow from \$172.3 bn in 2017 at a CAGR of 4.5% between 2018 and 2023. One of the key driver for the industry is the increased demand for effect pigments/solar reflective pigments, especially from the automotive sector.

The Pigments industry in 2017 faced challenges on multiple fronts with changing environmental regulations, new technologies and rising cost of raw materials. Tightened environmental regulation, particularly in Asia Pacific Region, which accounts for 40% of the total business, led to consolidations throughout the supply chain. Also, the regulations have had an adverse effect on the availability of raw material for the industry.

**Organic Pigment: A major contributor to industry growth**

The global Organic Pigment industry is expected to grow at a rate of 4.5 % between 2018-2022. The major segments of Organic Pigments include Azo Pigments, Phthalocyanine Pigments and Quinacridone Pigments. Out of these, Azo Pigments has the largest market of \$3.9 bn and is expected to grow at a CAGR of 4.7% between 2017-2023.

The growth in the Organic Pigment industry can be attributed to the growth of its end-user industries mainly printing inks, paints and coatings and textile industries. Developing countries like India and China are fast becoming the centre of the global Organic Pigments market from both the supply and demand side. The regulatory environment, labour laws and wages in the Asia Pacific region are the major factors driving this global shift.

Moreover, Organic Pigments provide a wide variety of colour spectrum as compared to their inorganic counterparts and, hence, are expected to substitute them for some specific applications in the coming years.

**Indian Pigments industry: Great potential in the future**

Indian Pigments sales have been growing at a rate of 13-14 % over the past five years. This growth is mainly due to rise in exports. But, it has been observed that the capacity utilisation in the Pigments industry has been low at 67% which shows that there is a great potential of increasing the production and business in this industry. The per capita consumption of Pigments in India is still very low as compared to that of other high consuming countries which shows that, in the coming years, domestic consumption should rise at a very high rate.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

It is expected that India will be the Second largest market for Organic Pigments which has been growing fastest, in terms of demand, during the past few years. The Indian Pigments industry is highly fragmented with many unorganised players, but, it is the large scale organised companies which dominate the market and have major market share.

### **(b) Business Overview**

Meghmani Organics is amongst the largest manufacturers of Phthalocyanine-based Pigments with a global market share of 14% in volume terms. The Company has vertically integrated facilities manufacturing CPC Blue (an upstream product which too is sold to other Pigments manufacturers) and end products — Pigment Green and Pigment Blue. These Pigments products are used in multiple applications, including paints, plastics and printing inks.

The Company's Pigments business enjoys strong global presence with exports accounting for 79% of net sales. Customers comprise mainly MNCs, such as Sun-DIC, Flint Group, Akzo Nobel, DuPont and PPG Industries. The Company's relationship with its clients is sticky, with 90% business arising from repeat customers. The Company has a global distribution network. Its direct presence (with subsidiaries in the US, Indonesia, Dubai and a representative office in China) helps maintain a front-end presence and the ability to work closely with end-user customers. The Company also has warehouses in Turkey, Russia, USA, and Uruguay.

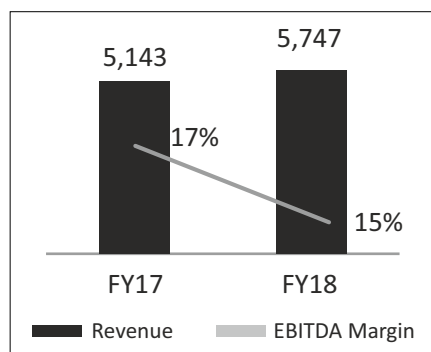
Meghmani Organics has three dedicated manufacturing facilities to manufacture Pigments Products. These are located at:

- GIDC Vatva, Ahmedabad, (2,940 MTPA) where Pigment Green 7 products are manufactured
- GIDC Panoli, near Ankleshwar, (17,400 MTPA), where CPC Blue, Alfa and Beta Blue, Pigment Blue 15 products are manufactured
- Dahej SEZ Ltd, (12,600 MTPA) where CPC Blue, Alfa and Beta Blue are manufactured

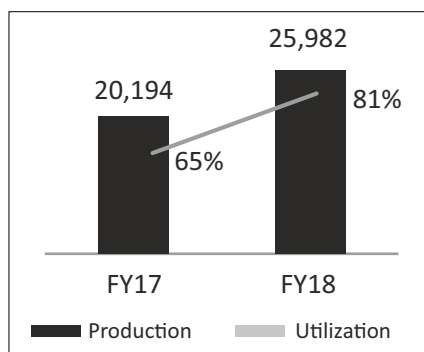
### **(c) FY18 Performance of Pigments Segment:**

Pigments business delivered net sales growth of 12% in FY18 and reached ₹5,747 mn from ₹5,143 mn. Although the net sales in the domestic market were down, growth was driven by increase of 29% in exports. Sales volumes were up by 11% at 16,090 MT from 14,462 MT though realizations remained flat. EBITDA margin was slightly down at 15% as compared to last year's 17%, resulting in a marginal decrease of 3% in EBITDA from last year's ₹871 mn to ₹847 mn. The reason for the reduced profitability for the year was the increased prices of raw materials that could not be passed on to the customers fully. Utilization levels increased to 81% in FY18 from 65% in FY17.

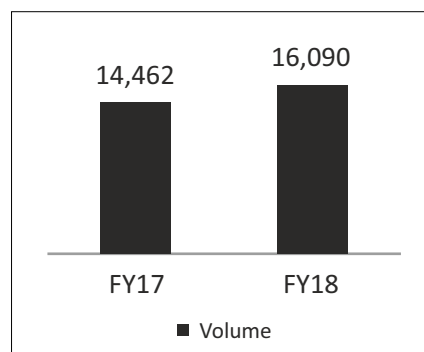
**Revenue up by 12%**



**Production up by 29%**



**Volume up by 11%**



## MANAGEMENT DISCUSSION AND ANALYSIS

### Outlook and Strategy:

Meghmani Organics currently is the largest producer for the Copper Phthalocyanines Pigment and going forward, the Company is looking to diversify by adding new product of Pigments. The Company continues to focus on increasing its domestic presence, given the significant market opportunities. The drastic increase in the prices of raw materials has affected the profitability this year which is expected to normalize in FY19 with gradual transfer of increased costs to customers.

### (d) Risks, Concerns and Threats

Drastic changes and continuous fluctuations in the prices of key raw materials are critical challenges to the growth of this industry. As the Company's revenue comprises a significant portion of business from exports, volatility of the rupees vis-à-vis the Dollar and the Euro may affect realisations. The Company is engaged in a business involving different areas such as procurement, backward and forward integration, quality, technical competence, logistics facilities, after-sales service and customer relationship. Changing competitive landscape and emergence of new technologies may impact the Company's business and future prospects.

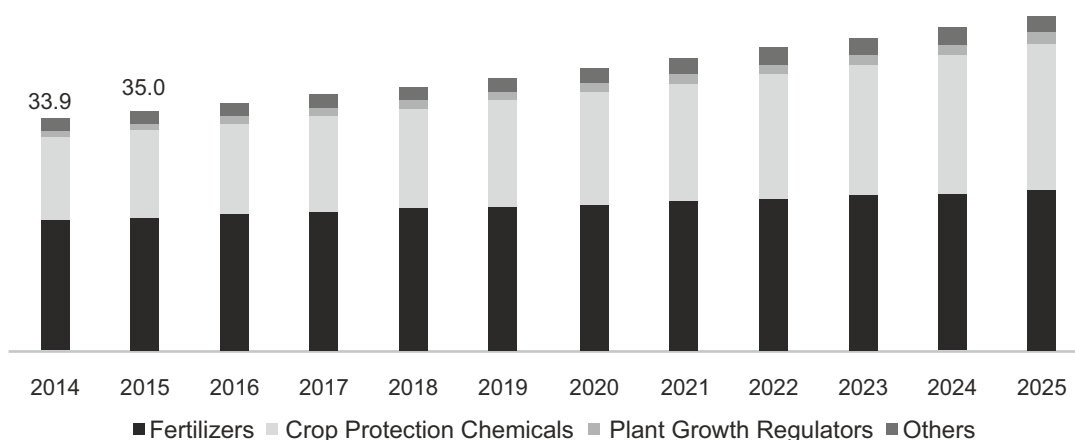
## II. Agrochemicals

### (a) Industry Structure

**Global Agrochemicals market is expected to grow at a CAGR of more than 4.1% from 2017-2025, crossing \$309 bn from \$215 bn in 2016.**

The growing demand for crop protection chemicals, such as fungicides, herbicides, and insecticides, is expected to be the biggest driver of the agrochemicals industry over the forecast period. Growing population, declining arable land and increasing pest concerns are some of the other drivers of Agrochemicals market.

The demand for Agrochemicals is the highest in the Asia Pacific (APAC) region (53%), from countries like India, Sri Lanka and China, due to their major dependence on agriculture and related industries for economic growth. This market is expected to witness the highest growth over the forecast period due to the growing agro-based industries including sugar, textiles, vegetable oil manufacturing, and animal husbandry.



Source: Global Agrochemicals review



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Indian Agrochemicals market to reach \$6.3 bn by 2020**

The Indian Agriculture sector remains the backbone of the nation's economy accounting for about 15% of the country's Gross Domestic Product. But, given that Indian Agriculture is highly monsoon dependent, and only a limited area has irrigation facilities, it becomes all the more imperative to make efficient utilisation of this available arable land. Further, potential loss of crop production due to pests, weeds and diseases necessitates the need to use Agrochemicals to enhance productivity.

Currently, India is the fourth largest global producer of Pesticides with an estimated market size of around \$4.9 bn in FY17 after United States, Japan and China. The Indian Pesticide industry is predominated with generic version products and has a substantial opportunity to explore the drugs going off-patent during 2017-2020 and through acquisitions and strategic partnerships of global giants with domestic players.

The demand for Agrochemicals is split in equal proportions between domestic consumers and exports. Exports are expected to increase 10-14% on the back of increased demand from key export markets like Latin America coupled with a fall in exports from China.

### **Opportunities and key growth drivers for the Indian Agrochemicals Market**

1. The pro-farmer budget of 2018-19 gives a positive outlook to Indian Agriculture and, in turn, the Agrochemicals Sector.
  - For 2018-19, the minimum support price of agricultural commodities has been fixed at at-least 150% of input price per farm and the farm credit has been raised by 10% to ₹11 Lakh Crore for this fiscal.
  - Tax incentives in terms of 100% deduction to the companies registered as Farmer Producer Companies and having annual turnover up to ₹1 bn in respect of the profit derived from post-agricultural activities for a period of 5 years from FY 2018-19.

All these measures shall improve the welfare of the farmers and the agricultural sector, thus boosting the sales of our Agrochemicals business.

2. After two years of consecutive drought, FY18 witnessed healthy monsoons and the same outlook is expected for the FY19.
3. The positive outlook for monsoons has also changed the crop protection market which was previously challenged due to deficient monsoons. The market is expected to grow at approximate 12% p.a. The growth would be largely driven by export demand which is expected to grow at 10-14% p.a, while domestic demand is expected to grow at 8-9% p.a.
4. Consumption of herbicides and insecticides in India is bound to increase in the future owing to the increasing farm labour wages and tropical climatic conditions and high production of cereals, respectively.
5. Consumption of pesticides is the lowest in India, at 0.6kg/ha compared to 13kg/ha in China. This is bound to increase in order to help boost yields.
6. Other drivers, such as rising population, decreasing per capita availability of arable land and focus on increasing agricultural yield will fuel the demand for Agrochemicals.

### **(b) Business Overview**

Meghmani Organics is a leading vertically-integrated Agrochemicals player with product offerings encompassing the entire value chain — Intermediate, Technical Grade and Formulations (Bulk and Branded). The Company's vertical integration of business allows Meghmani Organics to effectively manage raw material costs and assure a constant supply of consistent quality.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Agrochemicals industry is highly regulated and the Company enjoys competitive advantage via 260 export registrations, 333 registrations in pipeline, 307 CIB registrations, and 35 registered trademarks. The Company has a strong global client base with exports accounting for 67% of its Agrochemical Sales. The Company exports technical as well as branded products to Africa, Brazil, LatAm, the US and European Countries.

Meghmani Organics produces commonly-used pesticides for crop and non-crop applications, such as for public health, insect control in wood preservation and food grain storage. Major products include 2, 4-D, Cypermethrin, Permethrin, Metaphenoxy, Benzaldehyde, Chlorpyrifos and Profenophos. In branded formulations, the Company has established a strong pan-India presence with about 2800 stockists, agents, distributors, and dealers spread across 17 states. Key brands include Megastar, Megacyper, Megaban, Synergy, and Courage.

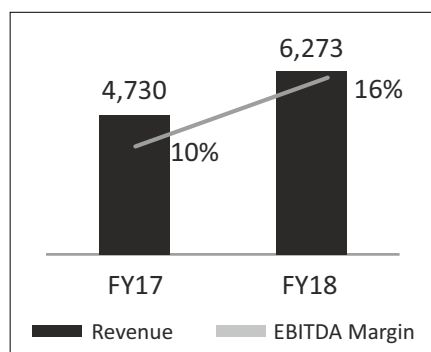
The Company has three state-of-the-art manufacturing facilities where capacities have been increased via debottlenecking. These are located at:

- GIDC Ankleshwar, (6,420 MTPA)
- GIDC Panoli, (7,200 MTPA)
- GIDC Dahej, (14,640 MTPA)

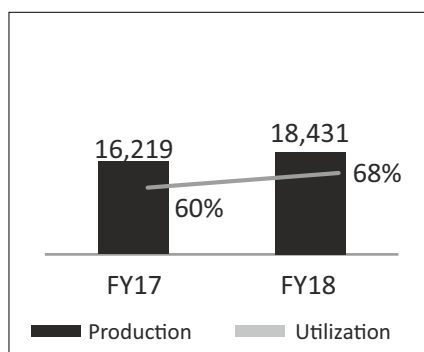
### (c) FY18 Performance of Agrochemicals Segment:

FY18 witnessed 33% growth in Net Sales from the Agrochemicals segment to reach ₹6,273 mn from ₹4,730 mn in FY17. This was driven by robust growth of 43% in exports and growth of 15% in domestic market. Volumes witnessed growth of 11% from last year's 15,624 MT reaching 17,342 MT with strong growth of 19% in branded realization. EBITDA was up by a significant 114%, from ₹458 in FY17 mn to ₹981 mn in FY18, on the back of positive market conditions and better price realizations. EBITDA margin for the period also increased to 16% from 10% in FY17. Utilization level increased to 68% in FY18 from last year's 60%. FY18 was a strong year on account of good monsoons, higher margins on products and expanded distribution network.

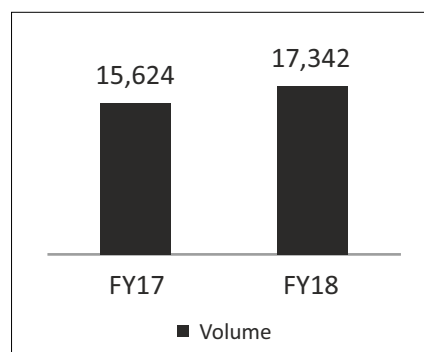
**Revenue up by 33%**



**Production up by 14%**



**Volume up by 11%**



### (d) Outlook and Strategy

FY18 was a strong year for the Agrochemicals Segment on the back of a fruitful monsoon season after two consecutive seasons of poor monsoons. FY19 shall also sustain the same growth levels as the monsoons are expected to be healthy. Raw material prices from China are drastically increasing, affecting the margins, but, as the company has a strong backward integration, the impact on Meghmani Organics is limited and thus, we are Constantly improving the margins. Going forward, the Company plans to expand in existing products with high global demand and also look to add some new branded products in the portfolio.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Budget 2018 has also been encouraging as it focuses on addressing post-harvest relief and improving farm incomes which will provide a boost to demand for Agrochemicals Segment.

### **(e) Risks, Concerns and Threats**

Despite strong growth drivers, the Indian Agrochemicals industry faces challenges in terms of low awareness levels among farmers about Agrochemical products and their usage. Also, rising sale of spurious pesticides and spiked bio pesticides pose major threats to industry growth.

The Company exports its products to various countries. Thus, any adverse changes in the political, climatic, economic, regulatory or social conditions of these countries might impact the Company's business prospects in these Countries. Any change in the policies implemented by the Governments of these Countries, which result in currency and interest rate fluctuations, capital restrictions, changes in duties & taxes and a registration regime detrimental to the Company's business could adversely affect its operations and future growth. Increase in Crude prices will also impact the costs and prices of various products.

The Company operates in a competitive environment and faces competition from international as well as domestic players on various fronts, such as quality, technical competence, distribution channels, logistics facilities, after-sales service and customer relationships.

The performance of the Indian Agrochemical industry is dependent on the monsoon. Erratic rainfall affects crop acreages, pest application and overall productivity, directly impacting the Company's sales performance.

### **III. Basic Chemicals**

#### **(a) Industry Structure**

Global Chlor-Alkali Industry to grow at 5.3-5.9% CAGR (2017-2023), to reach \$125 bn by 2023

Globally, the Chlor-Alkali market represents one of the largest chemical industries by value as well as volume. Chlor-Alkali is an industrial process for producing Chlorine, Caustic Soda, and other Caustic & Chlorine-based derivatives.

Research suggests that the global market for Chlor-Alkali will continue to grow owing to the increased exposure of different end-user areas, such as glass, alumina, vinyl, and water treatment, etc., in the global economy. Additionally, the increased usage of Chlor-Alkali derivatives like Polyvinyl Chloride Plastics in advance infrastructure solutions is expanding its market in the global economy.

Among the Geographies, Asia Pacific (ACPC) dominated the world market while North America and Europe are anticipated to grow at the highest CAGR over the forecast period. APAC will continue to dominate the market due to the growing economy, increasing infrastructure and manufacturing base and large population base.

#### **Indian Chlor-Alkali Industry poised to grow a CAGR of 6.5% during 2017-2022**

The Indian Caustic industry is a well-established mature industry with a capacity of 3.4 mn MTPA (Caustic Soda) and a total turnover of about ₹70 bn annually. The Indian industry is regarded by global peers as being among the most efficient, eco-friendly and progressive industries. Regionally, Rajasthan and Gujarat region is growing at the fastest rate owing to increasing number of chemical industries.

With steady economic growth, industrial demand for Chlor-Alkali is set to grow at a considerable pace in the coming years. The products of Chlor-Alkali industry are also used by major consumer products industries such as soaps and detergents, pulp and paper, textile processing. The fact that products of Chlor-Alkali industry find increasing use in products used daily shows the potential for growth of this industry. Moreover, with growing aspirations of a rising middle class, higher disposable incomes and the current low level of penetration, demand for these products is bound to grow.

**MANAGEMENT DISCUSSION AND ANALYSIS****(b) Business Overview**

Meghmani Organics entered the Basic Chemicals Segment in 2009 with current capacity of 166,600 MTPA. The Company is the fourth-largest Caustic Soda producer in India. The Company also has Manufacturing Capacity of 60 TPD of Caustic Potash at Dahej and has Capacity Utilization of 86% in FY18. The current product portfolio includes Caustic Soda, Chlorine and Hydrogen.

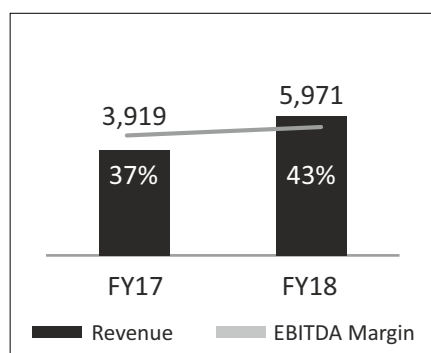
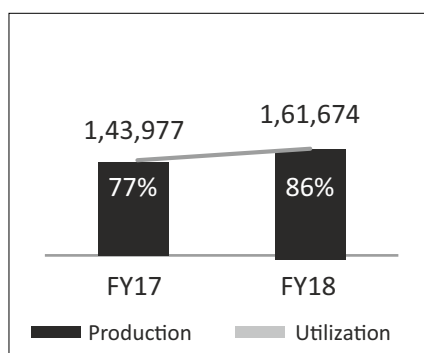
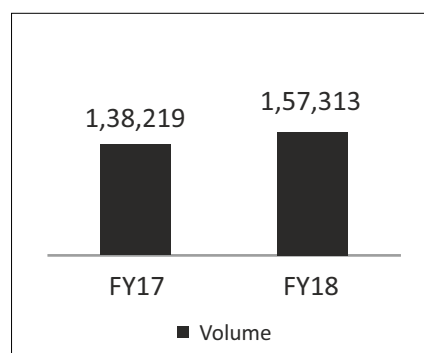
The Company is one of the most efficient manufacturers of Caustic Soda with an integrated Captive Power Plant of 60MW. It uses the latest fourth-generation 'Membrane Cell Technology' sourced from Asahi Kasei Chemical Corp, Japan, (one of the most established technology providers of Chlor-Alkali products). The Dahej facility is strategically located due to its proximity to the port, providing ease of importing coal. The Company is supplying Caustic Soda and Chlorine via pipeline to select buyers, thus substantially reducing its logistics costs.

The Company's new Caustic Potash facility at Dahej of 60 TPD capacity has achieved 86% utilization level by the end of FY 2018. Caustic Potash is one of the very few chemicals that find universal application in Soaps, Detergents, Fertilizers and Chemicals Industries.

The Company's planned capex of ₹6.4 bn involving 3 projects are in-line with its strategic intent of expanding the chemicals business. The First is the CMS project of 40,000 MTPA which will produce MDC, Chloroform and Carbon Tetra Chloride. This is expected to be commissioned by December '18 and add ₹1.2 bn of revenue post full year of operations. The Second Project involves 50% capacity expansion of the Company's Caustic Soda plant to 2,71,600 MTPA and increase the Captive Power Plant capacity to 96MW from 60 MW now. The Third Project is to set up a Hydrogen Peroxide (50%) project of 30,000 MTPA capacity. Expansion of the Caustic Soda and Hydrogen Peroxide projects will involve ₹5 bn investments and are expected to be commissioned by June '19.

**(c) Performance of Basic Chemicals**

FY18 proved to be a remarkable year than FY17 with net sales of Basic Chemicals growing at 52% to ₹5,971 mn from ₹3,919 mn driven by increased demand. Sales volumes increased 14% from last year's 1,38,219 MT reaching 1,57,313 MT for the year. EBITDA increased 78% YoY from ₹1,432 mn in FY17 to ₹2,554 mn in FY18. EBITDA margin also increased to 43% in FY18 from 37% in FY17 and utilization was up at 86% in FY18 from 77% in FY17.

**Revenue up by 52%****Production up by 12%****Volume up by 14%****(d) Outlook and Strategy**

The Company's CMS project is progressing as per plan and is expected to be commissioned by December 2018. In the coming years Capacity Utilization of both Caustic Soda and Caustic Potash at Optimum level coupled with strong market demand will be the key drivers for profitable growth of the Basic Chemicals segment.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **(e) Risks, Concerns and Threats**

The Company operate in a competitive environment and compete with international as well as domestic players on various fronts, such as quality, technical competence, distribution channels, logistics facilities, after-sales service and customer relationships. Dumping of Caustic Soda from neighbouring countries might impact realisations of the Electrochemical Unit (ECU).

### **Internal Control System**

The Company has a proper and adequate system of Internal Control commensurate with the size and nature of its operations to ensure that all assets are safeguarded against unauthorised use or disposal, ensuring true and fair reporting and compliance with all applicable regulatory laws and company policies. Internal Audit Reports are reviewed by the Audit Committee of the Board.

The following ratios reflect the consolidated financial performance for the year in relation to the previous year.

<b>Particulars (₹ mn)</b>	<b>FY17</b>	<b>FY18</b>
Net Sales	13,963	17,747
EBITDA	2,888	4,312
PBT	1,558	3,257
PAT before Minority Interest	1,162	2,379
PAT after Minority Interest	877	1,713
<b>Key Ratios</b>		
Net Sales Growth	6.8%	27%
EBITDA Margin	20.7%	24.3%
ROCE	21.2%	32%
D/E Ratio	0.6	0.4

★ ★ ★

## CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance which sets out systems and processes of the Company, as prescribed in Regulation 17 to 27 of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") and some of the practices followed by the Company on Corporate Governance, for the Financial Year ended on 31st March, 2018.

The Company has complied with the requirements of the Corporate Governance in terms of Listing Agreement executed with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

This report sets out the Group's Corporate Governance practices with specific reference to the **Code of Corporate Governance 2012 (the "Code")** and the **Disclosure Guide on Compliance with the Code developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015**.

The Board of Directors presents a composite Corporate Governance report on the compliance of the Indian and Singapore Listing requirements in the following paragraphs.

### 1. **The Company's Philosophy on Corporate Governance:-**

The Directors and Management of the Company and its Subsidiaries are committed to maintain high standards of Corporate Governance in conducting its business and ensure that an effective self regulatory mechanism exists to protect the interest of our Indian stakeholders (Investors, Customers, Suppliers and Government) and Singapore Depository Shareholders.

### 2. **Board of Directors:-**

The Board of Directors comprises of highly renowned professionals drawn from diverse fields. They collectively bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision making process.

#### (a) **COMPOSITION:-**

Category	No. of Directors	%
Non Executive & Independent Directors	7	58.33%
Executive Directors	5	41.67%
<b>Total</b>	<b>12</b>	<b>100%</b>

The Composition of Board of the Company is also complying with the requirements of Singapore Stock Exchange – Code of Corporate Governance Guide Line 2.2. The Company has appointed two directors viz., Mr. Bhaskar Rao and Mr. C. S. Liew as director resident in Singapore to comply with the code.

The Board is of the opinion that the current Board comprises of persons who as a group, have core competencies such as finance, accounting, legal, business and industry knowledge necessary to lead and manage the Company and given the scope and the nature of the Company's operations, the present size of the Board is appropriate for effective decision making.

#### (b) **LIMIT ON NUMBER OF DIRECTORSHIP:-**

None of the Director of the Company is appointed in more than 10 Committees or is acting as Chairman in more than 5 (Five) Committees across all the Companies in which he is a Director.

None of the Director of the Company is holding Directorship in more than 10 Public Limited Companies. None of an Independent Directors serve as an Independent Director in more than 7 (Seven) Listed Companies.

Independent Directors play an important role in the governance processes of the Board. They bring with them their expertise and experience for fruitful discussions and deliberations at the Board. This better the decision making process at the Board.

## **CORPORATE GOVERNANCE**

The Independent Directors have been appointed for a fixed term of 5 (five) years from their respective dates of appointment with an option to retire from the office at any time during the term of appointment. Their appointment has been approved by the Members of the Company.

The Independent Directors have confirmed that they meet with the criteria of independence laid down under the Act, the Code and SEBI Regulations, 2015.

**(c) SEPARATE MEETING OF INDEPENDENT DIRECTOR:-**

The Independent Directors had met on 10th February, 2018, without the attendance of Non-Independent Directors and members of management to discuss the followings:-

- (a) Review the performance of Non-Independent Directors and the Board as a whole;
- (b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- (c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**(d) ISSUANCE OF LETTER OF APPOINTMENT:-**

A formal letter of appointment was issued to all Independent Directors.

**(e) NON EXECUTIVE DIRECTORS' COMPENSATION & DISCLOSURES:-**

The Non-Executive Directors were not paid any Compensation except sitting fees. The Board has fixed the sitting fees payable to Non-Executive Directors within the limits prescribed under the Companies Act, 2013 (hereinafter referred to as Act). Therefore, requirement of obtaining prior approval of shareholders in General Meeting was not required.

**(f) TRAINING OF INDEPENDENT DIRECTOR:-**

Newly appointed Director receives appropriate training, if required. In addition, the Board is provided with regular updates with respect to new laws and regulations in order to adapt to the changing commercial risks relating to the business and operations of the Group. The Management regularly updates and familiarizes the Directors on the business activities of the Company during the Board meetings.

The Independent Director is also explained in detail the compliances required under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Singapore Listing Rules and other relevant regulations including amendments thereof from time to time and their affirmations are taken with respect to the same.

**(g) PERFORMANCE EVALUATION OF THE BOARD & INDIVIDUAL DIRECTORS:-**

Pursuant to the provisions of the Act and the SEBI Regulations, the Board has carried out the Annual performance evaluation of its own performance, as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board 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 Directors. The Chairman of the Board of Directors and the Chairman of Nomination and Remuneration Committee met all the Directors individually to get an overview of the functioning of the Board and its constituents inter alia on the following broad criteria :-

- attendance and level of participation,
- independence of judgement exercised by Independent Directors,
- Interpersonal relationship etc.

Based on the valuable inputs received from the Directors, an action plan has been drawn up to encourage greater engagement of the Independent Directors with the Company. Following the evaluation exercise, the Board is of the view that the Board and its Committees operate effectively.



**CORPORATE GOVERNANCE****(h) DIRECTORSHIPS AND MEMBERSHIP ON COMMITTEES:-**

The total number of Directorships held by the Directors and the position of Membership / Chairmanship of Committees is given below. All the Directors are in compliant with the provisions of the Companies Act, 2013 and "SEBI Regulations" in this regard.

Name of Director	Designation	Category	Directorship in other Public Limited Companies *	Committee Membership of other Companies**
Mr. Jayanti Patel	Executive Chairman	Executive	1	Nil
Mr. Ashish Soparkar	Managing Director	Executive	1	Nil
Mr. Natwarlal Patel	Managing Director	Executive	4	Nil
Mr. Ramesh Patel	Executive Director	Executive	1	Nil
Mr. Anand Patel	Executive Director	Executive	Nil	Nil
Mr. Chinubhai Shah	Independent Director	Non- Executive	8	8
Mr. Balkrishna Thakkar	Independent Director	Non – Executive	1	1
Mr. Chander Sabharwal	Independent Director	Non - Executive	1	Nil
Ms. Urvashi Shah	Independent Director	Non - Executive	1	Nil
Mr. Manubhai Patel	Independent Director	Non - Executive	3	Nil
Mr. Bhaskar Rao (Appointed on 10.02.2018)	Independent Director	Non - Executive	Nil	Nil
Mr. C. S. Liew (Appointed on 10.02.2018)	Independent Director	Non - Executive	NIL	Nil
Mr. Jayaraman Vishwanathan (Resigned on 08.11.2017)	Independent Director	Non – Executive	Nil	Nil
Mr. A. L. Radhakrishnan (20.10.2017 to 10.02.2018)	Independent Director	Non - Executive	Nil	Nil
Mr. Kantibhai Patel (Resigned on 10.02.2018)	Independent Director	Non – Executive	3	2

\* Excludes Directorships held in Private Limited Companies, Foreign Companies and Section 8 Companies:

\*\* Committees considered are Audit Committee & Stakeholder's Relationship Committee.

**(i) NUMBER OF BOARD MEETINGS HELD:-**

During the financial year ended on 31st March, 2018, the four (4) meetings of the Board of Directors were held and the gap between two meetings did not exceed One hundred and Twenty (120) days. The Board meetings were held on 22.05.2017, 08.08.2017, 08.11.2017 and 10.02.2018.

The last Annual General Meeting of the Company was held on 27th July, 2017.



## **CORPORATE GOVERNANCE**

### **(j) ATTENDANCE OF DIRECTORS AT BOARD & ANNUAL GENERAL MEETING:-**

The details of attendance of the Directors at the Board Meeting during the year and at Annual General Meeting are given below:

<b>Name of Director</b>	<b>Position</b>	<b>Board Meeting Attended</b>	<b>AGM Attended</b>
Mr. Jayanti Patel	Executive Chairman	4	Yes
Mr. Ashish Soparkar	Managing Director	4	Yes
Mr. Natwarlal Patel	Managing Director	4	Yes
Mr. Ramesh Patel	Executive Director	2	No
Mr. Anand Patel	Executive Director	4	Yes
Mr. Chinubhai Shah	Independent Director	4	Yes
Mr. Balkrishna Thakkar	Independent Director	4	Yes
Mr. Jayaraman Vishwanathan	Independent Director	2	No
Mr. Kantibhai Patel	Independent Director	3	Yes
Mr. Chander Sabharwal	Independent Director	4	No
Ms. Urvasi Shah	Independent Director	2	Yes
Mr. A. L. Radhakrishnan	Independent Director	0	N.A.
Mr. Bhaskar Rao	Independent Director	N.A.	N.A.
Mr. C. S. Liew	Independent Director	N.A.	N.A.
Mr. Manubhai Patel	Independent Director	N.A.	N.A.

Minimum four Board meetings are held in each year. Apart from the four prescheduled Board meetings, the meetings would also be convened to address specific needs of the Company.

The Company in consultation with the Directors prepares the annual calendar of meetings and circulates a tentative Schedule for the meeting of the Board and Committee in order to facilitate the Directors to plan their schedules.

The Board meetings are normally held at Corporate Office of the Company situated at Meghmani House, B/h Safal Profitaire, Corporate Road, Prahlad Nagar, Ahmedabad – 380 015.

### **(k) AGENDA FOR BOARD MEETING:-**

Agenda and Notes on Agenda are circulated to the Directors in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful discussion. Where it is not practicable the same is tabled before the meeting.

The followings are generally tabled for information, review and approval of the Board.

- Annual Operating Plans & Budgets.
- Quarterly Results and its Operating Divisions or Business Segments.
- Minutes of meetings of Audit Committee and Other Committees of the Board of Directors.
- The information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including Appointment or Removal of Chief Financial Officer and the Company Secretary.
- Show cause, Demand, Prosecution Notices and Penalty Notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the entity.
- Details of any Joint Venture or Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions.

## CORPORATE GOVERNANCE

- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

**(l) POST MEETING FOLLOW-UP MECHANISM:-**

The Company has an effective post meeting follow-up, review and reporting process mechanism for the decisions taken by the Board/Committees. Important decisions taken at the Board/Committee meetings are communicated to the concerned Functional Heads promptly. Action Taken Report on previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee members.

**(m) RECORDING MINUTES OF PROCEEDINGS AT BOARD AND COMMITTEE MEETINGS:-**

As per Secretarial Standard 1 (SS-1) issued by The Institute of Company Secretaries of India (ICSI), the Company Secretary records the minutes of the proceedings of each Board and Committee meeting. The Draft minutes are circulated to the members for their comments.

**(n) COMPLIANCE REPORT:-**

While preparing the Agenda adequate care is taken to ensure adherence to all applicable laws and regulations including the Companies Act, 2013 read with the Rules made there under, Secretarial standard issued by ICSI. The Board periodically reviews all statutory compliance reports of all laws applicable to the Company..

**(o) SGX - GUIDELINE 6.1 OF THE CODE- ACCESS TO INFORMATION:-**

The Directors have separate and independent access to the Company's management and the Company Secretary at all times. Directors are entitled to request from management and should be provided with such information as needed to make informed decisions in a timely manner. The Board is informed of all material events and transactions as and when they occurred. Should the Directors, whether individually or collectively, require independent professional advice; such professionals (who will be selected with the approval of the Chairman of the respective Committees requiring such advice) will be appointed at the expenses of the Company.

The Company Secretary attends all the Board and Board Committee meetings and attends to the Corporate Secretarial Administration matters, ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

**(p) RELATIONSHIP BETWEEN DIRECTORS:-**

Mr. Jayanti Patel, Mr. Natwarlal Patel and Mr. Ramesh Patel are related with each other as brothers. **No other directors are related to each other.**

**(q) NUMBER OF SHARES HELD BY NON-EXECUTIVE DIRECTORS:-**

Particulars of Equity Shareholding of Independent Directors: - 31.03.2018:

Name of Independent Director	No. of Equity Shares of ₹ 1/- each
Mr. Chinubhai Shah	10000
Mr. Balkrishna Thakkar	Nil
Mr. Chander Sabharwal	Nil
Ms. Urvashi Shah	Nil
Mr. Manubhai Patel	Nil
Mr. Bhaskar Rao	Nil
Mr. C. S. Liew	Nil

## **CORPORATE GOVERNANCE**

### **3. COMMITTEES OF THE BOARD OF DIRECTORS**

The Board has constituted the following five Committees:—

- (1) Audit Committee.
- (2) Nomination Committee.
- (3) Remuneration Committee.
- (4) Shareholders/ Investors Grievances Share Allotment, Share Transfer & Stake Holders Relationship Committee.
- (5) Corporate Social Responsibility Committee.

The Risk Management Committee is not applicable to the Company. It is applicable to top 100 listed entities on the basis of market Capitalisation as on 31.03.2018.

The terms of reference of the Committees are determined by the Board from time to time. The respective Chairman of the Committees, also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are tabled at the respective Committee Meetings. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

#### **3.1 AUDIT COMMITTEE - TERMS OF REFERENCE :-**

The Audit Committee acts as a link between the Statutory Auditors, Internal Auditors and the Board. The Committee is governed by regulatory requirements mandated by Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulation, 2015. The Committee has full access to financial information.

The terms of reference of the Audit Committee are as set out in Part C of Schedule II of SEBI (LODR) Regulation, 2015 read with Section 177 of the Companies Act 2013. The Audit Committee reviews the financial statements of all Subsidiaries of the Company and also performs the following functions:

- to review the audit plan and Company's Statutory Auditors report;
- to recommend appointment, remuneration and terms of appointment of auditors of the Company;
- to review the financial statements of the Company before their submission to the Board;
- to review with management the quarterly financial statements of the Company before their submission to the Board;
- to review co-operation given by the Company's officers to the Statutory Auditors and Internal Auditors during the process of audit;
- to discuss nature and scope of audit before audit commences with Statutory Auditors;
- to review the scope of internal audit procedures;
- to nominate Statutory Auditors for re-appointment;
- to review with management, performance of Statutory and Internal Auditors and adequacy of the internal control system;
- to approve or any subsequent modification of transactions with Related Parties / Interested Party Transactions;
- to scrutinize inter-corporate loans and investments;
- to ascertain valuation of undertakings or assets, wherever it is necessary;
- to evaluate internal financial controls and risk management systems
- to discuss with internal auditors of any significant findings and follow up action thereon.
- to review the functioning of the Whistle Blower mechanism;
- to approve appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- to grant omnibus approval for Related / Interested Party Transactions which are in the ordinary course of business and on an arm's length pricing basis and to review and approve such transactions.
- to carry out any other function as mentioned in the terms of reference of the Audit Committee.

**CORPORATE GOVERNANCE****3.2 COMPOSITION OF COMMITTEE:-**

The Audit Committee comprises of three Independent Non Executive Directors. Mr. Balkrishna Thakkar is the Chairman of the Committee. All members of the Audit Committee are financially literate and having in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. Mr. K. D. Mehta, Company Secretary, acts as the Secretary of the Audit Committee

**3.3 MEETING AND ATTENDANCE :-**

The Committee met four times during the year on 22.05.2017, 08.08.2017, 08.11.2017 and 10.02.2018.

Name of the Director	Category of directorship	Qualification	No. of meetings attended
Mr. Balkrishna Thakkar	Chairman - Independent Director	FCA - Institute of Chartered Accountant of India (ICAI)	4
Mr. Chinubhai Shah	Member- Independent Director	MA LLM FCS – Institute of Company Secretaries of India (ICSI)	4
Mr. Jayaraman Vishwanathan (Resigned on 08.11.2017)	Member - Independent Director	FCA - Institute of Chartered Accountant of India (ICAI)	2
Mr. Manubhai Patel (Appointed on 10.02.2018)	Member - Independent Director	FCA - Institute of Chartered Accountant of India (ICAI)	N.A.

In addition to the above, the Committee meetings are also attended by **Chief Financial Officer (CFO), Statutory Auditors and Internal Auditors** as permanent invitees to Audit Committee.

**3.4 REVIEW OF INFORMATION BY AUDIT COMMITTEE (AC):-**

AC has reviewed and satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company. AC has also reviewed:-

- (1) Management Discussion and Analysis of financial condition and results of operation:
- (2) Statement of significant Related / Interested Party Transactions submitted by management:
- (3) Internal Audit Reports relating to internal control weaknesses:

**3.5 INTERNAL AUDIT FUNCTION:-**

The Company has outsourced the Internal Audit function to a professional firm M/s C N K Khandwala & Associates, Chartered Accountants. The Internal Auditor reports directly to the Chairman of the Audit Committee ("AC") on internal audit matters.

**3.6 SGX LISTING RULE 1207(6):- NON AUDIT SERVICES:-**

The Audit Committee has reviewed and confirmed that all Non-Audit services provided by the auditors have not affected the independence of the auditors.

**3.7 SGX LISTING RULE 1207 (10) :- (GUIDELINE 11.3 OF THE CODE).**

Based on reports submitted by the external and internal auditors, the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems maintained by the management that was in place throughout the financial year and up to date of this report, the Board, with the concurrence of the Audit Committee and assurance of the management (including Chief Executive Officer and Chief Financial Officer) as well as the Internal Auditors, are of the opinion that

- (a) the financial records have been properly maintained and financial statements give a true and fair view of the Company's operations and finances and
- (b) the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at the date of this report.

## **CORPORATE GOVERNANCE**

To ensure the adequacy of the internal audit function, the Audit Committee reviews and approves, on an annual basis, the internal audit plans and the resources required to adequately performing this function.

However, the Board and management acknowledge that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision- making, human errors, losses, fraud or other irregularities.

### **3.8 ASSURANCE FROM CEO AND CFO:-**

The Board has received assurance from Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to ensure that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the effectiveness of the Company's risk management and internal control systems are operating effectively in all material respects, based on the criteria for effective internal control established.

### **4. NOMINATION COMMITTEE (NC)-TERMS OF REFERENCE :-**

The Nomination Committee (NC) aims at establishing a formal and transparent process for the appointment/re-appointment of Directors. The Nomination Committee is responsible to:

- (a) Make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, Key Managerial Personnel and other employees;
- (b) Review the Board structure, size and composition, having regard to the principles of the Code;
- (c) Assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- (d) Put in place plans for succession, in particular, for the Chairman of the Board and Chief Executive Officer of the Group;
- (e) Make recommendations to the Board for the continuation in services of any Executive Director who has reached the age of 70 (Seventy) years;
- (f) Recommend Directors who are retiring by rotation to be put forward for re-election;
- (g) Decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations;
- (h) Recommend to the Board internal guidelines to address the competing time commitments faced by directors who serve on multiple boards;
- (i) Assess the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board on an annual basis.
- (j) Devising a policy on Board diversity;
- (k) Formulation of the criteria for determining qualifications, positive attributes and independence of a director; for evaluation of performance of Independent Directors and the Board of Directors;

### **4.1 SGX CORPORATE GOVERNANCE CODE - GUIDELINE 2.1:**

Determine, on an annual basis, whether a Director is independent taking into account the circumstances set forth in Guideline 2.1 of the Corporate Governance Code of Singapore Exchange and any other salient factors;

The search and nomination process for new Directors are through personal contacts and recommendations of the Director. NC will review and assess candidates before making recommendation to the Board. NC will also take the lead in identifying, evaluating and selecting suitable candidate for new Directorship. In its search and selection process, NC considers factors such as commitment and the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board and Board Committees.

### **4.2 SGX CORPORATE GOVERNANCE CODE 2.4**

NC had performed a rigorous review to assess the independence of the Independent Directors, Mr. Chinubhai Shah and Mr. Balkrishna Thakkar considers that they are independent even though they have served on the Board beyond 10 years. The relevant factors that were taken into consideration in determining the independence are:-

**CORPORATE GOVERNANCE**

- (1) Very rich experience and wealth of knowledge.
- (2) Active participation in the proceedings and decision making process of the Board and Committee Meetings;
- (3) Deep insight into the Business of the Company and possesses experience and knowledge of the business;
- (4) Qualification and expertise which provides reasonable checks and balances for the Management;
- (5) Providing overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests.
- (6) NC has adopted a formal system of evaluating Board performance as a whole and the contribution of each individual Director. An evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice.

Each member of NC shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

The results of the evaluation exercise were considered by NC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively.

**4.3 COMPOSITION OF COMMITTEE:-**

The Nomination Committee comprises of three Independent – Non Executive Directors. Mr. Chinubhai Shah is the Chairman of the Committee. Mr. K. D. Mehta, Company Secretary acts as the Secretary of the Committee.

**4.4 MEETINGS AND ATTENDANCE DURING THE YEAR:-**

The Committee met on 22.05.2017, 20.10.2017 and 10.02.2018. The particulars of meeting attended by members of the Committee are given below:

Name of the Director	Status	No. of Meetings Attended
Mr. Chinubhai Shah	Chairman - Independent Director	3
Mr. Balkrishan Thakkar	Member - Independent Director	3
Mr. Kantibhai Patel (Resigned on 10.02.2018)	Member – Independent Director	2
Ms. Urvashi Shah (Appointed on 10.02.2018)	Member – Independent Director	N. A.

**5. REMUNERATION COMMITTEE – (RC) -TERMS OF REFERENCE:-**

- (a) Recommend to the Board a framework of remuneration and specific remuneration packages for all Directors of the Company, Key Managerial Personnel (KMP) and other Senior Management Personnel;
- (b) Review the service contracts of the Executive Directors;
- (c) Carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time;
- (d) Reviewing and enhancing on the compensation structure to incentive performance base for key executives;
- (e) Ensure that the remuneration packages are comparable within the industry and comparable Companies and include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive Director's performance.
- (f) To facilitate the transparency, accountability and reasonableness of the remuneration of Director and Senior Management Personnel.
- (g) Remuneration Committee will recommend to the Board a framework of remuneration for the Directors,
- (h) All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee.

Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

## **CORPORATE GOVERNANCE**

### **5.1 COMPOSITION OF COMMITTEE:-**

The Remuneration Committee comprises of three Independent Non Executive Directors. Mr. Chinubhai Shah is the Chairman of the Committee. Mr. K. D. Mehta, Company Secretary, acts as the Secretary of the Committee.

### **5.2 MEETINGS AND ATTENDANCE DURING THE YEAR:-**

The Committee met on 22.05.2017 particulars of meeting attended by members of the Committee are given below:

<b>Name of the Director</b>	<b>Status</b>	<b>No. of Meetings Attended</b>
Mr. Chinubhai Shah	Chairman - Independent Director	1
Mr. Balkrishna Thakkar	Member - Independent Director	1
Mr. Kantibhai Patel (Resigned on 10.02.2018)	Member – Independent Director	1
Ms. Urvashi Shah (Appointed on 10.02.2018)	Member – Independent Director	N. A.

### **5.3 PECUNIARY RELATIONSHIP OR TRANSACTION:-**

There is no other pecuniary relationship or transaction by the Company with Non-Executive Directors.

### **5.4 PAYMENT TO NON EXECUTIVE DIRECTORS:-**

The Non Executive Directors of the Company are paid sitting fees only.

### **5.5 PAYMENT TO EXECUTIVE DIRECTORS:-**

The Company pays remuneration to its Executive Chairman, Managing Directors and Executive Directors by way of Salary, Perquisites and Performance Bonus.

### **5.6 REMUNERATION TO ALL THE DIRECTORS:-**

The members at the Annual General Meeting held on 28th July, 2014 has approved the re-appointment and terms of remuneration payable to Mr. Jayanti Patel Executive Chairman, Mr. Ashish Soparkar and Mr. Natwarlal Patel Managing Directors, Mr. Ramesh Patel and Mr. Anand Patel – Executive Directors for a period of 5 years from 01 April, 2014.

In FY 2017-18, the Company has paid remuneration of ₹ 5,00,000/- per month (₹ 60,00,000/- per annum) and Perquisites to Mr. Jayanti Patel, Mr. Ashish Soparkar and Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel. The remuneration paid is within the overall limits approved by the Shareholders.

During the year, over and above salary, the Company has paid Performance Bonus to Mr. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel.

The Company does not have any Employee Share Option Scheme or Employee Stock Option or any long-term incentive scheme in place.

### **5.7 Sitting fees paid to Independent Directors during FY 2017-18:-**

The Details of remuneration paid to the Directors are also given in Form MGT-9 (Annual Return) as a part of Directors' report.

<b>Name of Independent Director</b>	<b>Sitting Fees (₹ in Lakhs)</b>
Mr. Chinubhai Shah	4.25
Mr. Balkrishna Thakkar	4.25
Mr. Jayaraman Vishwanathan	1.00
Mr. Kantibhai Patel	1.75
Mr. Chander Sabharwal	1.00
Ms. Urvashi Shah	0.75
<b>Total</b>	<b>13.00</b>



**CORPORATE GOVERNANCE****5.8 SGX Corporate Governance Code - Guideline 8.4:-**

Currently, the Company does not have any contractual provisions to allow the Company to reclaim incentive from Executive Directors and Key Management Personnel in exceptional cases of wrongdoings.

Remuneration paid during the FY 2017-18 to Working Directors are:-

(₹ in Lakhs)

Name of Director	Salary, Perquisites & Performance Bonus
Mr. Jayanti Patel	167.79
Mr. Ashish Soparkar	167.67
Mr. Natwarlal Patel	167.67
Mr. Ramesh Patel	127.66
Mr. Anand Patel	107.28
<b>Total</b>	<b>738.07</b>

**5.9 SGX Corporate Governance Code - Guideline 9.3:-**

The Company is providing remuneration to its Executive Directors in compliance with Section II of Part II of Schedule V of the Indian Companies Act, 2013.

**Remuneration Bands of More than S\$ 250,000**

Name of Director	Directors Fees	Salary	Performance Bonus	Other & benefits	Total
Mr. Jayanti Patel	Nil	36%	60%	4%	100%
Mr. Ashish Soparkar	Nil	36%	60%	4%	100%
Mr. Natwarlal Patel	Nil	36%	60%	4%	100%
Mr. Ramesh Patel	Nil	47%	47%	6%	100%
Mr. Anand Patel	Nil	56%	37%	7%	100%

**5.10 SGX Corporate Governance Code - Guideline 9.3:-**

The Details of the name and aggregate remuneration paid to Key Managerial Personnel (who are not Directors or the CEO) during the Financial Year ended 31 March 2018.

**Remuneration Bands of Less than S\$ 250,000 – Key Managerial Personnel**

Name	Designation	Salary	Allowances	Other Benefits	Total
Mr. M P Punia	Business Leader-Agro	45%	30%	25%	100%
Mr. Gopal Bhatt	V P (Strategic Sourcing)	45%	30%	25%	100%
Mr. Jayesh Trivedi	GM (Agro Marketing)	45%	30%	25%	100%
Mr. Vikram Bhatt	Sr. GM (Corporate HR)	45%	30%	25%	100%
Mr. Amit Kumar Talesara	G M (Agro Export)	45%	30%	25%	100%

**5.11 Corporate Governance Guideline 9.4 – Code of - Singapore Stock Exchange-**

No employees of immediate family members of a Director or CEO has drawn remuneration exceeding S\$ 50,000 during financial year 2017-2018.



## **CORPORATE GOVERNANCE**

### **6 SHAREHOLDERS / INVESTORS GRIEVANCES, SHARE ALLOTMENT, SHARE TRANSFER AND STAKE HOLDER RELATIONSHIP COMMITTEE :-**

#### **6.1 TERMS OF REFERENCE:-**

- i. To allot equity shares of the Company,
- ii. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- iii. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc;
- iv. Issue of duplicate / split / consolidated share certificates;
- v. Allotment and listing of shares;
- vi. Review of cases for refusal of transfer / transmission of shares and debentures;
- vii. Reference to statutory and regulatory authorities regarding investor grievances; and
- viii. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

#### **6.2 COMPOSITION OF COMMITTEE:-**

The Committee comprises of two Independent Non Executive Directors and One Executive Director. Mr. Chinubhai Shah is the Chairman of the Committee. Mr. K. D. Mehta Company Secretary acts as Secretary & Compliance Officer of the Committee.

#### **6.3 MEETINGS AND ATTENDANCE DURING THE YEAR:-**

The Shareholders' / Investors' Grievances, Share Allotment Share Transfer and Stake Holder Relationship Committee were held on 22.05.2017, 08.08.2017, 08.11.2017 and 10.02.2018.

<b>Name of the Director</b>	<b>Status</b>	<b>No. of Meetings Attended</b>
Mr. Chinubhai Shah	Chairman - Independent Director	4
Mr. Balkrishna Thakkar	Member - Independent Director	4
Mr. Ashish Soparkar	Member – Executive Director	4

#### **6.4 DETAILS OF SHAREHOLDERS' COMPLAINTS :-**

<b>Detail of Complaints received</b>	<b>Nos.</b>
Number of Complaints received from Shareholders' 01.04.2017 to 31.03.2018	0
Number of Complaints not solved to the satisfaction of the shareholder	0
Number of Pending Complaints on 31.03.2018	0

### **7 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE :-**

The Company has always been mindful of its obligations vis-à-vis the communities it impacts and has been pursuing various CSR activities long before it became mandated by law.

The terms of reference of CSR broadly comprises:

- 1) To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- 2) To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

**CORPORATE GOVERNANCE**

The Compositions of the CSR Committee as on 31st March, 2018 are as under:

Name of Member	Category
Mr. Chinubahi Shah	Non-Executive/ Independent
Mr. Balkrishna Thakkar	Non-Executive/ Independent
Mr. Jayanti Patel	Executive / Non-independent
Mr. Ashish Soparkar	Executive / Non-independent
Mr. Natwarlal Patel	Executive / Non-independent

During the year the Company has spent ₹ 26 Lakhs towards CSR activities.

**8 GENERAL BODY MEETINGS :-**

The details of date, time and location of Annual General Meetings (AGM) held in last 3 years and Special resolutions passed are as under :-

Financial Year	Category- Date & Time	Venue	Special – Resolutions passed
2014-15	Annual General Meeting 27 July, 2015 at 10.00 a.m.	HT Parekh Convention Centre, Torrent AMA Centre Ahmedabad Management Asso. Dr. Vikram Sarabhai Marg, Vastrapur, A'bad	No Special Resolution was passed.
2015-16	Annual General Meeting 26 July, 2016 at 10.00 a.m.	HT Parekh Convention Centre, Torrent AMA Centre Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	1. To Authorize Directors to Convert Financial assistance into Fully Paid up Equity Shares of the Company.
2016-17	Annual General Meeting 27 July, 2017 at 10.00 a.m.	HT Parekh Convention Centre, Torrent AMA Centre Ahmedabad Management Association, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	1. Reclassification of Promoter and Promoter Group.

No Special resolution was passed last year through Postal Ballot. At present the Company has not proposed any special resolution through postal ballot.

## **CORPORATE GOVERNANCE**

### **9 MEANS OF COMMUNICATION:-**

#### **9.1 QUARTERLY RESULTS:-**

The Unaudited Quarterly/Half yearly financial statements are announced within 45 (Forty Five) days of the end of the Quarter.

The aforesaid financial statements reviewed by the Audit Committee are taken on record by the Board of Directors and are communicated to the Indian and Singapore Stock Exchanges where the Company's securities are listed.

Once the Stock Exchanges have been intimated, these results are given by way of a press release to news agency and published within 48 hours in two leading daily news papers – one in English and one in Gujarati.

#### **9.2 ANNOUNCEMENT OF ANNUAL FINANCIAL RESULT:-**

The Audited annual results are announced within 60 (Sixty) days from the end of last quarter i.e. 31st March to meet with the requirements of Stock Exchanges. The Audited Annual Financial Results were announced on 26th May, 2018. The aforesaid Audited Annual Results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed.

These results are then given by way of a press release to news agency and published within 48 hours in two leading daily news papers one in English and one in Gujarati. The Audited financial results form a part of the Annual Report which is sent to the Shareholders prior to the Annual General Meeting

#### **9.3 WEBSITE DISPLAY:-**

The Company's Official news releases, presentation, policies, financial results, shareholder's general information etc. are displayed on the Company's website **www.meghmani.com**. News Releases are placed on Stock Exchanges and displayed on website. The presentations prepared for the investors and analysts are submitted to Stock Exchanges and displayed on the Company's website **www.meghmani.com**.

#### **9.4 GREEN INITIATIVE FOR PAPERLESS COMMUNICATIONS:-**

To support the "Green Initiative in the Corporate Governance", an initiative has been taken by the Ministry of Corporate Affairs (MCA). The Company has sent the soft copies of Annual Report 2017-18 to those members whose Email IDs were registered with the Depository Participants (DP) after informing them suitably.

### **10 OTHER DISCLOSURES :-**

#### **10.1 Disclosure of Material Transactions:- Related Party Transaction :-**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirement) Regulation, 2015 during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable Disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the notes to the Financial Statements in this Annual Report. The Policy on Related Party Transaction has been placed on the Company's website.

#### **10.2 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 the Company's code of conduct, if any. The Whistle Blower Policy is posted on the website of the Company.

#### **10.3 Accounting Treatment:-**

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Indian Accounting Standards) Rules, 2015 (as amended) and the relevant provision of the Companies Act, 2013 issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

**CORPORATE GOVERNANCE****10.4 Corporate Governance of Subsidiaries :-**

Meghmani Finechem Limited (MFL) is the material subsidiary of the Company and needs to have on its Board two Directors of Meghmani Organics Limited (MOL) who are independent. Mr. Balkrishna Thakkar and Mr. Manubhai Patel, Independent Directors of MOL are on the Board of MFL.

The Subsidiaries of the Company are managed by experienced Board of Directors.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings. The copies of the Minutes of the Audit Committee / Board Meetings of Subsidiary Companies are tabled at the subsequent Board Meetings. The Companies policy on 'Material Subsidiary' is placed on the Company's website.

**10.5 Auditors' Certificate on Corporate Governance:-**

The Company has obtained a certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance prescribed under the Listing agreement with Stock Exchanges which forms part of this report.

**10.6 Shareholder's Information:-**

This Chapter read with the information given in the Section titled General Shareholders' information constitutes the compliance report on Corporate Governance.

**10.7 Code of Conduct :-**

The Company has adopted a code of conduct for its Directors and designated Senior Management Personnel. All the Board Members and Senior Management Personnel have agreed to follow compliance of code of conduct. The code has been posted on the Company's website.

**10.8 Management Discussion and Analysis Report:-**

This is given as the Separate chapter in the Annual Report which forms part of this report.

**10.9 Insider Trading :-**

All the Directors and Senior Management Personnel have affirmed compliance with the Corporate Code laid down by the Board of Directors of the Company.

The Executive Chairman, the Managing Directors and Company Secretary have made the necessary certification to the Board of Directors of the Company.

The Company has also announced closure of trading window to Stock Exchanges as per Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the Indian Stock Exchanges time to time.

**10.10 Disclosures regarding Re-appointment of Directors**

As per the Articles of Association of the Company, one third of the Directors are liable to retire by rotation every year and if eligible, they offer themselves for re-election by the shareholders at the General Meeting.

There is no Alternate Director being appointed to the Board.

**10.11 Transfer of shares to Investor Education and Protection Fund (IEPF) :-**

Pursuant to provision of Section 124(6) of Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 66746 Equity Shares (Pertains to 401 Shareholders) to IEPF Suspense account, who has not claimed dividend for Seven consecutive years.

**10.12 Immediate Family Member of Director:-**

Mr. Maulik Patel, Ms. Deval Soparkar & Mr. Kaushal Soparkar, Mr. Ankit Patel, Mr. Karana Patel and Mr. Darshan Patel are immediate family members of Mr. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel Directors of the Company respectively.

**10.13 Appointment & Removal of Company Secretary:-**

The appointment and removal of the Company Secretary is subject to the approval of the Board.

## **CORPORATE GOVERNANCE**

### **10.14 Reminders to Unpaid Dividend:-**

Reminders for Unpaid dividend are sent to the shareholders as per records every year.

### **10.15 Outstanding Singapore Depository Receipt Shares:-**

In accordance with terms and conditions of Depository agreement, each holder of SDSs is entitled to present SDSs for cancellation and then receive the corresponding number of underlying shares at Custodian office, subject to all regulatory approvals. This mechanism is under Operative guidelines for the limited two way fungibility under the "issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993".

25,954,080 SDSs each of Rs. 0.50 paise representing 12,977,040 Equity Shares of ₹ 1/-each is outstanding as on 31st March, 2018. The conversion of SDSs in to Equity shares will not have any impact on paid up capital or cash position of the Company.

### **10.16 Particulars of interested person transactions under Rule 920 of Singapore Listing Manual for the year ended 31 March, 2018 are as under:**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 (equivalent to approximately ₹ 4,771,000) and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) (excluding transactions less than S\$100,000 (equivalent to approximately ₹ 4,771,000)	
	Amount in ₹	Amount in S\$,000	Amount in ₹	Amount in S\$,000
Meghmani Industries Ltd	1,50,51,004	315	-	-
Meghmani Dyes & Intermediates LLP	83,29,492	175	-	-
Vidhi Global Chemicals Ltd.	14,64,77,330	3070	-	-
Meghmani Pigments	14,60,18,700	3061	-	-
Ashish Chemicals (EOU)	4,21,49,458	883	-	-
Meghmani LLP	2,55,66,842	536	-	-
Pancharatna Corporation	1,60,39,800	336	-	-
<b>Total</b>	<b>39,96,32,626</b>	<b>8376</b>		

**Note – ₹ 47.71= S\$1 (Average Rate of Financial Year 2017-2018)**

The Company has established procedures to ensure that all the transactions with interested person transactions are reported to Audit Committee and that the transactions are carried out on a normal commercial terms and shall not be prejudicial to the interest of the Company and minority shareholders.

**CORPORATE GOVERNANCE****11 General Shareholder Information :-****I. Financial Year :-**

The financial year of the Company is from 01 April to 31 March. The Board Meetings for approval of Quarterly financial results during the year ended 31 March, 2018 were held on the following dates:-

**Financial Calendar 2017-18:-**

First Quarter Results	8th August, 2017
Second Quarter and Half yearly results	8th November, 2017
Third Quarter Results	10th February, 2018
Fourth Quarter & Annual Results	26th May, 2018

**Financial Calendar 2018-19:-**

First Quarter Results - 30.06.2018	Within 45 days from the close of quarter
Second Quarter Result - 30.09.2018	Within 45 days from the close of quarter
Third Quarter Results - 31.12.2018	Within 45 days from the close of quarter
Fourth Quarter - 31.03.2019	Within 60 days from the close of quarter

**II. Annual General Meeting :-**

Date	<b>27th July, 2018</b>
Venue	J B Auditorium, Torrent AMA Centre Ahmedabad Management Association, Atira Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad
Time	10.00 a.m.
Last date of receipt of Proxy	Tuesday 25 July, 2018 (before 10.00. a.m.)
Posting of Annual Report	On or before 02nd July, 2018

**III. Date of Book Closure:-**

Book Closure	Saturday, 21st July, 2018 to Friday, 27th July, 2018
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**IV. Dividend payment :-**

The Board of Directors at their meeting held on 26th May, 2018 recommended a final dividend of ₹ 0.40 per Equity Shares of the face value of ₹ 1/- each for the financial year 2017-18, subject to approval of the shareholders.

The information of unclaimed dividend is as under:-

Particulars	Dividend%	31/03/2018 ₹	Payment Date	Transfer due date
Un paid Dividend - 2011	40%	<b>5,07,507.60</b>	11.08.2011	<b>10.08.2018</b>
Un paid Dividend - 2012	10%	<b>1,75,024.16</b>	11.08.2012	<b>10.08.2019</b>
Un paid Dividend - 2013	10%	<b>1,80,767.20</b>	07.08.2013	<b>06.08.2020</b>
Un paid Dividend - 2014	10%	<b>1,52,115.80</b>	11/08/2014	<b>10.08.2021</b>
Un paid Dividend - 2015	40%	<b>4,93,228.00</b>	27/02/2015	<b>26.02.2022</b>
Un- paid dividend – 2016	30%	<b>3,18,523.53</b>	23/03/2016	<b>22.02.2023</b>
Un- paid dividend – 2017	40%	<b>3,82,625.50</b>	07/08/2017	<b>06.08.2024</b>
<b>Total</b>		<b>22,09,791.79</b>		

## **CORPORATE GOVERNANCE**

**V. Stock code :-**

ISIN allotted to the Company's equity shares of face value of Rs. 1/- each is **INE974H01013**.

**VI. Share Market Price data:-**

The Monthly High and Low prices and volumes of Meghmani Organics Limited (MOL) share at National Stock Exchange of (India) Limited (NSE) and BSE Limited for the year ended on 31 March, 2018 are as under :-

**National Stock Exchange of India Limited: - 31.03.2018\***

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	Total Turnover (₹ In Lakhs)
Apr-17	37.60	40.25	37.35	39.95	2511672	98766133
May-17	40.60	40.85	37.75	39.85	685792	27593141
Jun-17	40.75	42.00	40.30	41.50	1206422	49588735
Jul-17	50.25	53.00	49.50	52.45	7686198	397616384
Aug-17	52.05	52.05	51.25	51.60	570436	29549107
Sep-17	79.00	84.40	78.60	82.55	9764996	798901838
Oct-17	80.02	81.60	79.55	80.20	1454265	116944474
Nov-17	118.8	122.85	116.85	121.40	5943210	714514086
Dec-17	107.45	110.50	105.00	105.75	2488083	269375487
Jan-18	106.50	109.40	106.50	107.10	1076889	116053478
Feb-18	104.50	108.25	101.70	105.15	2631629	277516014
Mar-18	92.20	93.80	91.95	92.90	1207242	112375041

**\*Note :** Prices are of first trading day of every month. Hence, not comparable.

**BSE Limited: - 31.03.2018**

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	Total Turnover (₹ In Lakhs)
Apr-17	38.35	41.90	37.55	40.45	6888233	276553537
May-17	40.60	43.75	36.30	40.70	7802706	315836523
Jun-17	41.10	50.95	40.20	50.25	11252547	514113672
Jul-17	50.25	57.35	49.10	51.95	15435015	831819935
Aug-17	52.45	79.70	48.50	78.45	28302239	1872461161
Sep-17	79.00	88.65	72.15	79.05	20675047	1689344500
Oct-17	80.25	119.40	79.50	118.15	25677205	2573521651
Nov-17	119.00	129.40	98.80	106.45	19451355	2209199158
Dec-17	107.50	114.20	97.00	106.80	8023959	862835236
Jan-18	107.25	126.00	102.00	104.50	15892872	1849854269
Feb-18	105.50	113.00	90.00	92.20	6848340	688196714
Mar-18	92.80	93.80	81.70	84.50	3735326	328999577

## CORPORATE GOVERNANCE

**VII. Listing details of Equity shares:-**

Name of Stock Exchange	Address	Stock Code
National Stock Exchange of India Limited	Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	MEGH.NS
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532865
Singapore Exchange	2 Shenton Way #19-00 SGX Centre Singapore 068804	MEGH.SI

The listing fee for the Financial Year 2018-19 has been paid to the above Stock Exchanges.

**VIII. No Suspension of Securities :-**

The Company has complied with the necessary requirements of SEBI, Stock Exchanges and Statutory authorities and no penalties or strictures were imposed on any matter related to capital markets during the last three years.

**IX. Share Transfer System :-**

The work of Share Registrar and Transfer Agents are carried out by Link Intime India Private Limited, Mumbai. Transfer and Dematerialization of shares is processed by Link Intime India Private Limited, Mumbai. The transfer of shares in Depository mode need not be approved by the Company. The Physical transfers of shares are approved by Share Transfer Committee.

**X. Shareholding Pattern - 31.03.2018:-**

Category	Total shares	%
Clearing Member	2062742	0.81
Other Bodies Corporate	17035562	6.70
Financial Institutions	892656	0.35
Foreign Institutional Investor	3245100	1.28
Singapore Depository Receipts	13623540	5.36
Government Company	66746	0.03
Hindu Undivided Family	5295798	2.08
Mutual Fund	428298	0.17
Non Nationalized Banks	136723	0.05
Non Resident Indians	3451134	1.35
Non Resident (Non Repatriable)	874769	0.34
Public	80394311	31.61
Promoters	94335941	37.09
Relatives Of Director	26945223	10.60
Trusts	1000	0.00
Foreign Portfolio Investors (Corporate)	5404668	2.13
Alternate Investment Funds	120000	0.05
<b>Total</b>	<b>254314211</b>	<b>100.00</b>



## **CORPORATE GOVERNANCE**

### **XI. Distribution of Shareholding: 31.03.2018:-**

Category	Shareholders		Shares of Re. 1/- each	
	Number	Percent	Number	Percent
1-500	82213	78.25	14473533	5.69
501-1000	11180	10.65	9377172	3.69
1001-2000	5567	5.30	8707183	3.42
2001-3000	1964	1.87	5103236	2.01
3001- 4000	896	0.85	3259308	1.28
4001- 5000	862	0.82	4133305	1.62
5001-10000	1208	1.15	9100469	3.58
10001- & ABOVE	1169	1.11	200160005	78.71
<b>Total</b>	<b>105059</b>	<b>100.00</b>	<b>254314211</b>	<b>100.00</b>

Share Capital	No. of shares	%
Listed Capital	254314211	100.00
Held in Dematerialized form :-		
National Securities Depository Limited	210150486	82.63
Central Depository Services (India) Limited	44062749	17.33
Held in Physical Form	100976	0.04
	<b>254314211</b>	<b>100.00</b>

## CORPORATE GOVERNANCE

### Twenty Largest Singapore Depository Shares ("SDS") Holders 11.06.2018 (As per Singapore rules):-

Sr. No.	NAME OF SDS HOLDER	NO. OF SDS	%
1	WATERWORTH PTE LTD	95,00,000	36.69
2	TEO CHIANG SONG	12,00,000	4.63
3	WU CHUNG SHOU	9,10,000	3.51
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,61,000	3.33
5	INDIA INTERNATIONAL INSURANCE PTE LTD - SIF	8,00,000	3.09
6	SEE BENG LIAN JANICE	8,00,000	3.09
7	ANG LAY TENG OR TAN CHOON HUI	7,44,000	2.87
8	LIM LENG CHYE	7,00,000	2.70
9	CHAN SIEW LIAN ANGELINE	6,14,000	2.37
10	PHILLIP SECURITIES PTE LTD	5,38,000	2.08
11	RAFFLES NOMINEES (PTE) LTD	4,76,900	1.84
12	SOH DOLLY	4,41,000	1.70
13	WONG TZE CHYUAN	4,35,000	1.68
14	CHONG MUI KHIM	2,13,700	0.83
15	CHUA BENG CHENG	2,00,000	0.77
16	DBS NOMINEES PTE LTD	2,00,000	0.77
17	ONG YONG HWEE	2,00,000	0.77
18	UOB KAY HIAN PTE LTD	2,00,000	0.77
19	TAN HAK YONG	1,85,000	0.71
20	CHIA ENG SOON FREDERICK	1,54,000	0.59
	<b>Total</b>	<b>1,93,72,600</b>	<b>74.76</b>

### Distribution of Shareholding: 11.06.2018 (As per Singapore rules):-

Size of SDS	SDS Shareholders		No. of SDS of Re. 0.50/- each	
	Number	Percent	Number	Percent
1 - 99	4	1.26	78	0.00
100 - 1,000	36	11.36	28,904	0.11
1,001 - 10,000	124	39.12	8,46,400	3.27
10,001 - 1,000,000	151	47.63	1,43,18,498	55.30
1,000,001 AND ABOVE	2	0.63	1,07,00,000	41.32
<b>TOTAL</b>	<b>317</b>	<b>100.00</b>	<b>2,58,93,880</b>	<b>100.00</b>

## **CORPORATE GOVERNANCE**

### **XII. SGX CORPORATE GOVERNANCE RULE 1015(5) – SUBSTANTIAL SHAREHOLDERS' INTERESTS**

The interests of the Directors and substantial shareholders of the Company in the issued Singapore Depository Shares of the Company are as under:-

<b>Name of the Substantial SDS Holder</b>	<b>No. of SDS</b>	<b>%</b>	<b>Interest Held</b>
Director's Interest	Nil	Nil	-
Water worth Pte. Limited	9500000	36.69%	Direct

#### **SGX RULE 723**

##### **PERCENTAGE OF SDS HELD IN THE HANDS OF PUBLIC SDS HOLDERS**

63.31% of the Company's SDS is held in the hands of the Public. Accordingly the Company has complied with Rule 723 of the listing manual of the SGX - ST. The Company has not issued any Treasury Shares. No subsidiary of the Company is holding any Singapore Depository Shares.

### **XIII. Outstanding Singapore Depository Receipts :**

153,165,300 Singapore Depository Shares were issued under Depository mechanism on 10th August, 2004 at a 28 Cent per SDS of Rs. 0.50 paisa on Singapore Stock Exchange.

As on 31st March, 2017 the number of SDS outstanding are 2,59,54,080 which represents 1,29,77,040 Equity Shares.

There is no conversion date fixed for SDS in to Equity Shares. There will be no impact on conversion of SDS in to equity shares as the conversion takes place under two way fungibility guide lines issued by Reserve Bank of India.

### **XIV. SGX Rule 1204 (19) – TRADING WINDOW CLOSED**

In compliance with Rule 1204(19), the Company has adopted policies to provide guidance to its Directors and officers on dealings in the Company's securities.

The Company prohibits its Directors and officers from dealing in the Company's shares on short term considerations or when they are in possession of unpublished price-sensitive information. The Directors and Officers are also not allowed to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial results, and ending on the date of the announcement of the relevant results

### **XV. SGX Rule 730 A (1) – HOLDING OF ANNUAL GENERAL MEETING**

As confirmed by SGX, Rule 730A (1) of the Listing Manual is not applicable to the Company. Consequently, the Company will continue to hold its general meeting in India and not in Singapore. The Company has agreed to hold an annual information meeting in Singapore every year so as to have as much information possible to Singapore Shareholders at the time of such meeting.

### **XVI. REGISTRAR AND SHARE TRANSFER AGENT IN INDIA:-**

In compliance with SEBI guidelines, the Company has appointed Link Intime India Private Limited, as a common Share Transfer agent for Physical and Electronic form of shareholding.

Link Intime India Private Limited

C 101, 247 Park,

L. B. S. Marg, Vikhroli (West),

Mumbai - 400083. Tel: +91 22 4918 6270

Fax: +91 22 4918 6060

**CORPORATE GOVERNANCE****XVII. LOCATION OF MANUFACTURING FACILITY:-**

1.	Pigment Division - Green	Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445
2.	Pigment Division – Blue	Plot No. 21, 21/1, G.I.D.C. Panoli, District :- Bharuch
3.	Pigment Division - Blue	Plot No. Z-31 Z-32, Dahej SEZ Limited, District :- Bharuch
4.	Agro Division – I	Plot No. 402,403,404 & 452, Village Chharodi, Taluka Sanand, District :- Ahmedabad
5.	Agro Division – II	5001/B, G.I.D.C. Ankleshwar, District :- Bharuch
6.	Agro Division – III	Plot No. CH-1+2/A GIDC Industrial Estate, Dahej, District :- Bharuch
7.	Agro Division – IV	Plot No. 20,G.I.D.C. Panoli, District :- Bharuch

**XVIII. INVESTOR CORRESPONDENCE :-**

All enquiries, clarification and correspondence should be addressed to the Company Secretary and Compliance Officer:-

Mr. K D Mehta – V P (Company Affairs) & Company Secretary

Meghmani House,

B/h Safal Profitaire, Corporate Road,

Prahalad nagar, Ahmedabad 380 015

Telephone No. 91-79-2970 9600/ 7176 1000

Fax No. 91-79-2970 9605

E-mail : helpdesk@meghmani.com

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## **COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS**

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2018.

Place: Ahmedabad  
Date: 26<sup>th</sup> May, 2018

For Meghmani Organics Limited  
Ashish Soparkar  
Managing Director

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## **CERTIFICATE ON CORPORATE GOVERNANCE**

**To The Members,  
Meghmani Organics Limited**

We have examined the compliance of conditions of Corporate Governance by Meghmani Organics Limited, for the year ended on **31<sup>st</sup> March 2018**, as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with Stock Exchanges.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **SHAHS & ASSOCIATES**  
Company Secretaries

Place: Ahmedabad  
Date: 26<sup>th</sup> May, 2018

Kaushik Shah  
Partner  
FCS No 2420 CP No-1414

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF

### MEGHMANI ORGANICS LIMITED

#### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Meghmani Organics 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 22, 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**

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

**Place of Signature: Ahmedabad**  
**Date: May 26, 2018.**

**ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE OF MEGHMANI ORGANICS LIMITED FOR THE YEAR ENDED MARCH 31, 2018.**

- a.
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) 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.
  - (c) 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, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of investments made and guarantees given have been complied with by the Company.
- 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.
  - (a) 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.
  - (b) 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.
  - (c) The dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:



Name of Statute	Nature of Dues	Amount involved*	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise duty demands	1,976.38	2002-03 to 2008-09 and 2011-12 to 2015-16	Gujarat Highcourt, Central Excise and Service Tax Appellate Tribunal, Commissioner (Appeals)
Finance Act	Service tax demands	117.32	2004-05 to 2015-16	Central Excise and Service Tax Appellate Tribunal, Commissioner (Appeals)
Income tax Act, 1961	Income tax demands	-	2002-03, 2007-08 to 2009-10, 2012-13 to 2013-14	Gujarat High court, Income tax Appellate Tribunal, Commissioner Appeals, Income Tax

\* Net of amount paid under protest amounting to INR 173.84 lakhs and adjustment of amount Income tax refunds pertaining to other assessment years amounting to INR 322.76 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 of Signature: Ahmedabad**  
**Date: May 26, 2018.**

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS THE FINANCIAL STATEMENTS OF MEGHMANI ORGANICS 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 standalone Ind AS financial statements of Meghmani Organics 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 standalone 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 standalone 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 standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to these standalone 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 standalone 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 standalone 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 standalone 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 Standalone 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 Standalone 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 Standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these Standalone 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**

**Place of Signature: Ahmedabad**

**Date: May 26, 2018.**

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

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018**

PARTICULARS	Note No.	( ₹ in Lakhs)	
		31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>I. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	3.1	43,272.80	37,488.69
(b) Capital Work-in-Progress	3.2	2,189.25	656.44
(c) Intangible Assets	3.3	1,554.28	924.96
(d) Intangible Assets under development	3.2	271.85	944.69
(e) Investments in Subsidiaries	4	23,314.77	12,443.40
(f) Financial Assets			
(i) Investments	5	57.41	58.43
(ii) Other Financial Assets	6	607.22	496.29
(g) Income Tax Assets (Net)	7	1,002.00	1,734.86
(h) Other Non-Current Assets	8	614.81	824.72
<b>Total Non-Current Assets</b>		<b>72,884.39</b>	<b>55,572.48</b>
<b>Current Assets</b>			
(a) Inventories	9	23,265.24	20,903.62
(b) Financial Assets			
(i) Trade Receivables	10	30,283.66	29,776.63
(ii) Cash and Cash Equivalents	11	122.51	105.33
(iii) Bank Balances other than (ii) above	12	65.73	813.37
(iv) Loans	13	16.20	22.02
(v) Other Financial Assets	14	3,154.63	5,705.08
(c) Other Current Assets	15	8,040.26	6,291.46
<b>Total Current Assets</b>		<b>64,948.23</b>	<b>63,617.51</b>
<b>TOTAL ASSETS</b>		<b>1,37,832.62</b>	<b>1,19,189.99</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	16	2,543.14	2,543.14
(b) Other Equity	17	67,226.69	60,747.86
<b>Total Equity</b>		<b>69,769.83</b>	<b>63,291.00</b>
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	21,741.23	7,698.11
(b) Provisions	19	497.26	402.07
(c) Deferred Tax Liabilities (Net)	20	4,103.32	2,748.08
<b>Total Non-Current Liabilities</b>		<b>26,341.81</b>	<b>10,848.26</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	15,792.02	23,460.17
(ii) Trade Payables	22	17,018.70	15,473.27
(iii) Other Financial Liabilities	23	7,299.92	4,611.36
(b) Other Current Liabilities	24	608.36	950.77
(c) Provisions	25	5.06	9.72
(d) Current Tax Liabilities (Net)	26	996.92	545.44
<b>Total Current Liabilities</b>		<b>41,720.98</b>	<b>45,050.73</b>
<b>Total Liabilities</b>		<b>68,062.79</b>	<b>55,898.99</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,37,832.62</b>	<b>1,19,189.99</b>
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                      G S Chahal  
Partner                                  Chief Financial Officer  
Membership No : 101974

Place : Ahmedabad                      K. D. Mehta  
Date : 26<sup>th</sup> May 2018                      Company Secretary

For and on behalf of the Board of Directors of  
Meghmani Organics Limited  
(CIN NO-24110GJ1995PLC024052)

J.M.Patel - Executive Chairman (DIN - 00027224)  
A.N.Soparkar - Managing Director (DIN - 00027480)  
N.M.Patel - Managing Director (DIN - 00027540)

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

PARTICULARS	Note No.	( ₹ in Lakhs)	
		31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
I Revenue From Operations	27	1,26,047.29	1,11,746.57
II Other Income	28	2,610.59	1,096.35
<b>III Total Income (I+II)</b>		<b>1,28,657.88</b>	<b>1,12,842.92</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	29	68,750.86	55,096.16
Purchase of Stock-in-Trade		2,714.02	3,052.56
Changes in Inventories of Finished Goods, Work-in- Progress and Stock-in-Trade	30	(789.62)	5,998.36
Employee Benefit Expenses	31	6,160.88	4,844.63
Finance Costs	32	3,087.17	3,641.66
Depreciation and Amortization Expense	3	4,261.95	3,846.98
Excise Duty on Sales		2,247.10	7,127.48
Other Expenses	33	29,844.88	22,306.95
<b>Total Expenses (IV)</b>		<b>1,16,277.24</b>	<b>1,05,914.78</b>
<b>V Profit Before Exceptional items and Tax (III-IV)</b>		<b>12,380.64</b>	<b>6,928.14</b>
VI Exceptional Items	34	235.82	381.06
<b>VII Profit Before Tax (V-VI)</b>		<b>12,144.82</b>	<b>6,547.08</b>
<b>VIII Tax Expense</b>	20		
1 Current Tax		3,050.00	2,250.00
2 Deferred Tax		1,349.86	95.26
3 Adjustment of Tax Relating to Earlier Years		51.80	50.76
<b>IX Profit For The Year</b>		<b>7,693.16</b>	<b>4,151.06</b>
<b>X Other Comprehensive Income</b>			
(i) Items that will not be reclassified to Profit or Loss - Remeasurement of Net Defined Benefit Obligations	35	15.40	(30.05)
(ii) Income Tax (Expense) / Benefit relating to items that will not be reclassified to Profit or Loss		(5.38)	10.40
<b>Total Other Comprehensive Income For The Year (X)</b>		<b>10.02</b>	<b>(19.65)</b>
<b>XI Total Comprehensive Income For The Year (IX + X)</b>		<b>7,703.18</b>	<b>4,131.41</b>
<b>XII Earnings Per Equity Share (Face Value Per Share - Re 1 Each)</b>	36		
31 <sup>st</sup> March 2017 : Re 1 Each)			
<b>Basic and Diluted</b>		<b>3.03</b>	<b>1.63</b>
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  
Membership No : 101974

G S Chahal  
Chief Financial Officer

K. D. Mehta  
Company Secretary

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

For and on behalf of the Board of Directors of  
**Meghmani Organics Limited**  
(CIN NO-24110GJ1995PLC024052)

J.M.Patel - Executive Chairman (DIN - 00027224)  
A.N.Soparkar - Managing Director (DIN - 00027480)  
N.M.Patel - Managing Director (DIN - 00027540)

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

PARTICULARS	( ₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax	12,144.82	6,547.08
<b>Adjustment for :</b>		
Depreciation and Amortisation Expenses	4,261.95	3,846.98
Unrealised Foreign Exchange (Gain) / Loss	(1,199.35)	549.39
Mark to Market Loss on Derivative (Gain) / Loss	145.81	(128.43)
Liability no longer Required written back	(99.65)	(231.28)
Interest and Finance Charges	3,087.17	3,641.66
Interest Income	(408.68)	(285.01)
Bad Debts Written off	780.25	72.98
Provision for Bad Debt	247.62	-
Investment Written off	124.12	-
Exceptional Item - Loss Due to Fire	111.70	381.06
Sundry Balance Written off	262.38	434.23
Profit on Sale of Investment	(1.83)	-
Loss on Sale of Fixed Assets (Net)	38.15	5.34
License and Certification Fees	231.58	-
<b>Operating Profit Before Working Capital Changes</b>	<b>19,726.05</b>	<b>14,834.00</b>
<b>Adjustment for:</b>		
(Increase)/Decrease in Inventories	(2,361.63)	5,245.91
(Increase)/Decrease in Trade Receivables	(308.15)	(958.75)
(Increase)/Decrease in Short Term Loans and Advances	5.82	-
(Increase)/Decrease in Other Current Financial Assets	2,047.93	(3,712.7)
(Increase)/Decrease in Other Current Assets	(1,748.81)	(1,720.00)
(Increase)/Decrease in Other Non-Current Financial Assets	(60.45)	(78.09)
(Increase)/Decrease in Other Non-Current Assets	305.88	(4.31)
Increase/(Decrease) in Trade Payables	1,617.70	(505.03)
Increase/(Decrease) in Other Current Financial Liabilities	705.02	98.94
Increase/(Decrease) in Other Current Liabilities	(342.41)	(300.40)
Increase/(Decrease) in Provisions	105.93	4.25
<b>Working Capital Changes</b>	<b>(33.17)</b>	<b>(1,930.19)</b>
<b>Cash Generated from Operation</b>	<b>19,692.87</b>	<b>12,903.81</b>
Direct Taxes Paid (Net)	(1,917.46)	(1,360.38)
<b>Net Cash from Operating Activities</b>	<b>17,775.41</b>	<b>11,543.43</b>
<b>B. Cash Flow from Investment Activities</b>		
Purchase of Property, Plant & Equipment	(12,193.17)	(3,124.17)
Fixed Deposits & Margin Money	693.72	-
Earmarked Balances with Banks	0.91	-
Interest Received	411.22	255.62
Investments in Subsidiary	(10,986.54)	-
Proceed from Sale of Investment	2.03	-
Proceed from Sale of Tangible Assets	316.12	47.94
<b>Net Cash Used in Investing Activities</b>	<b>(21,755.71)</b>	<b>(2,820.61)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

PARTICULARS	( ₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>C. Cash Flow from Financing Activities</b>		
Dividend & Interim Dividend Paid	(1,018.17)	-
Dividend Distribution Tax Paid	(207.09)	-
Interest and Finance Charges Paid	(3,159.11)	(3,692.83)
Proceeds from Short Term Borrowings	1,831.85	(2,435.12)
Proceeds from Other Borrowing	55,500.00	30,000.00
Repayment of Other Borrowing	(65,000.00)	(29,977.00)
Proceeds from Bank Borrowing (Term Loan)	18,700.00	-
Repayment of Bank Borrowing (Term Loan)	(2,650.00)	(2,650.00)
<b>Net Cash (Used in) / Generated from Financing Activities</b>	<b>3,997.48</b>	<b>(8,754.95)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalent (A+B+C)</b>	<b>17.18</b>	<b>(32.13)</b>
<b>Cash and Cash Equivalent at the beginning of the year</b>	<b>105.33</b>	<b>137.46</b>
<b>Cash and Cash Equivalent at the end of the year</b>	<b>122.51</b>	<b>105.33</b>
<b>Cash and Cash Equivalent Comprises as under :</b>		
Balance with Banks in Current Accounts	110.71	97.39
Cash on Hand	11.80	7.94
<b>Cash &amp; Cash Equivalent at the end of the year (Refer Note 11)</b>	<b>122.51</b>	<b>105.33</b>

**Notes to the Cash Flow Statement for the year ended on 31.03.2018**

The Cash Flow Statement has been prepared under the Indirect Method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows 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**

**Membership No : 101974**

**G S Chahal**

**Chief Financial Officer**

**K. D. Mehta**

**Company Secretary**

**Place : Ahmedabad**

**Date : 26<sup>th</sup> May 2018**

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

**Meghmani Organics Limited**

**(CIN NO-24110GJ1995PLC024052)**

**J.M.Patel - Executive Chairman (DIN - 00027224)**

**A.N.Soparkar - Managing Director (DIN - 00027480)**

**N.M.Patel - Managing Director (DIN - 00027540)**

**Place : Ahmedabad**

**Date : 26<sup>th</sup> May 2018**



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018****(a) Equity Share Capital**

(₹ in Lakhs)

Particulars	Note	Amount
Issued, Subscribed and fully paid Equity Shares of Re.1 each <b>Balance as at March 31, 2016</b>		<b>2,543.14</b>
Changes during the year	16	-
<b>Balance as at March 31, 2017</b>		<b>2,543.14</b>
Changes during the year	16	-
<b>Balance as at March 31, 2018</b>		<b>2,543.14</b>

(₹ in Lakhs)

Particulars	Other Equity					Total Other Equity
	Note 17	Note 17	Note 17	Note 17	Note 17	
	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	
<b>Balance at April 1, 2016</b>	31.22	15,650.48	184.33	8,967.18	31,783.24	<b>56,616.45</b>
Profit for the year	-	-	-	-	4,151.06	4,151.06
Other Comprehensive Income for the year	-	-	-	-	(19.65)	(19.65)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>4,131.41</b>	<b>4,131.41</b>
<b>As at 31st March 2017</b>	<b>31.22</b>	<b>15,650.48</b>	<b>184.33</b>	<b>8,967.18</b>	<b>35,914.65</b>	<b>60,747.86</b>
Profit for the year	-	-	-	-	7,693.16	7,693.16
Transfer to General Reserve	-	-	-	800.00	(800.00)	-
Other Comprehensive Income for the year	-	-	-	-	10.02	10.02
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>800.00</b>	<b>6,903.18</b>	<b>7,703.18</b>
Dividend Paid	-	-	-	-	-	-
Dividend Distribution Tax Paid	-	-	-	-	(1,017.26)	(1,017.26)
<b>As at 31st March 2018</b>	<b>31.22</b>	<b>15,650.48</b>	<b>184.33</b>	<b>9,767.18</b>	<b>41,593.48</b>	<b>67,226.69</b>

The accompanying notes are an integral part of these Financial Statements.

For and on behalf of the Board of Directors of  
Meghmani Organics Limited  
(CIN NO-24110GJ1995PLC024052)

J.M.Patel - Executive Chairman (DIN - 00027224)  
A.N.Soparkar - Managing Director (DIN - 00027480)  
N.M.Patel - Managing Director (DIN - 00027540)

G S Chahal  
Chief Financial Officer

K. D. Mehta  
Company Secretary

per Sukrut Mehta  
Partner  
Membership No : 101974

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018



## **NOTES TO THE FINANCIAL STATEMENTS** **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. CORPORATE INFORMATION**

Meghmani Organics Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. Its shares are listed on National Stock Exchange and Bombay Stock Exchange in India and also on Singapore Exchange. The Registered office of the Company is located at Plot no 184 Phase II GIDC, Vatva Ahmedabad- 382 445, Gujarat India. The Company is engaged in manufacturing and selling of Pigment and Agrochemicals 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 (refer accounting policy regarding financial instruments)
- Derivative Financial Instruments

In addition, the Financial Statements are presented in Rupee (₹) / (Rs.) which is also the Company's functional currency and all values are rounded to the nearest Lakh (Rs. 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 below. 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 38 for details of the key assumptions used in determining the accounting for these plans.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **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 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 expenses 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 (f) for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 3.3.

#### **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 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 STATEMENTS** **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **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 Ind AS 18 "Revenue" issued by the 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) is not received by the Company on its own account. Rather, it is tax collected on value 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) Sale of Goods**

Revenue from the sale of goods is recognized 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) Interest Income**

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 or Loss

#### **3) Export Incentives**

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) Dividend**

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

#### **5) Insurance Claims**

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

#### **6) Rental income**

Rental income arising from operating leases is accounted on the basis of lease terms and is included in other income in the Statement of Profit and Loss.

### **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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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 Profit or 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 or Loss are also recognised in OCI or profit or 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 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).

## **NOTES TO THE FINANCIAL STATEMENTS** **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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 profit or 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 capitalized 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 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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 include 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.

**Research and Development Costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

Intangible Assets are amortised over a period of 5 years.



## **NOTES TO THE FINANCIAL STATEMENTS** **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **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 unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 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 upto 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 or 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 or loss. The losses arising from impairment are recognised in the statement of profit or 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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

- 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 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.

#### **Debt Instrument at Fair Value Through Profit or 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 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.



## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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 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 or 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Subsequent measurement of Financial Liabilities**

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

#### **Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category 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 profit or 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 or 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, full currency swaps and interest rate swaps contracts 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 or Loss.

#### **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.

## **NOTES TO THE FINANCIAL STATEMENTS** **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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 or 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.

### **I. 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in 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 or 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 or loss is recognised outside profit or 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.

#### **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.

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.

Provisions are not recognised for future operating losses.

## **NOTES TO THE FINANCIAL STATEMENTS** **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **n. CONTINGENT LIABILITIES**

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 assets 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 fulfilment 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.

#### **Company as a Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as Finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### **p. EARNING PER SHARE**

#### **Basic Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Diluted Earnings Per Share**

For the purpose of calculating diluted earnings per share, the net profit or 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.

#### **q. CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalent in the Balance Sheet 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. DIVIDEND**

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

#### **s. 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.

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.

#### **t. 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 STATEMENTS

### Note - 3

Property, Plant and Equipment as on 31st March 2018

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block			Depreciation / Amortisation			Net Block	
		Opening	Addition	Deduction	Closing	Opening	For the Year	Closing	As at 31st March 2018
3.1	<b>Tangible Assets</b>								
1	Freehold Land	558.40	-	-	558.40	-	-	-	558.40
2	Leasehold Land	2,754.58	802.08	-	3,556.66	62.38	32.06	94.44	3,462.22
3	Building	14,457.53	1,123.23	98.83	15,481.93	1,207.90	630.00	1,837.90	13,644.03
4	Plant & Machinery	24,813.34	7,590.87	192.07	32,212.14	5,395.44	2,948.42	8,343.86	23,868.28
5	Furniture & Fixtures	641.51	68.42	17.31	692.62	62.40	69.05	131.45	561.17
6	Vehicles	916.11	394.55	36.80	1,273.86	218.39	148.89	367.28	906.58
7	Computers	103.00	15.29	-	118.29	32.02	24.30	56.32	61.97
8	Other Equipments	274.65	41.58	0.39	315.84	51.90	53.79	105.69	210.15
	<b>Sub Total</b>	<b>44,519.12</b>	<b>10,036.02</b>	<b>345.40</b>	<b>54,209.74</b>	<b>7,030.43</b>	<b>3,906.51</b>	<b>10,936.94</b>	<b>43,272.80</b>
3.3	<b>Intangible Assets</b>								
1	Software Licences	70.48	7.83	-	78.31	54.45	6.26	60.71	17.60
2	Product Licences	1,075.28	985.80	8.87	2,062.21	293.32	301.40	594.72	1,457.49
3	Usage Rights	214.41	-	-	214.41	87.44	47.78	135.22	79.19
	<b>Sub Total</b>	<b>1,360.17</b>	<b>993.63</b>	<b>8.87</b>	<b>2,344.93</b>	<b>435.21</b>	<b>355.44</b>	<b>790.65</b>	<b>1,554.28</b>
	<b>Total</b>	<b>45,879.29</b>	<b>11,029.65</b>	<b>354.27</b>	<b>56,554.67</b>	<b>7,465.64</b>	<b>4,261.95</b>	<b>11,727.59</b>	<b>44,827.08</b>

i Borrowing cost capitalised during the year Rs. Nil (31st March 2017 - Rs. 77.61 Lakhs) to respective qualifying assets.

ii 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 / Intangibles under Development

PARTICULARS	Capital Work in Progress		
	Tangible	Intangible	Total
<b>Cost</b>			
As at March 31, 2017	<b>656.44</b>	<b>944.69</b>	<b>1,601.13</b>
Addition	2,062.39	148.14	2,210.53
Capitalisation	529.58	820.98	1,350.56
<b>As at March 31, 2018</b>	<b>2,189.25</b>	<b>271.85</b>	<b>2,461.10</b>

Capital Work-in-Progress for Tangible Assets as at 31st March 2018 comprises expenditure for the Plant and Building in the course of construction. Intangible Assets under development as at 31st March 2018 comprises expenditure for the development and registration of Product Licenses.



**NOTES TO THE FINANCIAL STATEMENTS****Note - 3****Property, Plant and Equipment as on 31st March 2017**

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block			Depreciation / Amortisation			Net Block		
		Opening	Addition	Deduction	Closing	Opening	For the Year	Closing	As at 31st March 2017	As at 31st March 2016
3.1	Tangible Assets									
1	Freehold Land	558.40	-	-	558.40	-	-	-	558.40	558.40
2	Leasehold Land	2,754.58	-	-	2,754.58	31.19	31.19	62.38	2,692.20	2,723.39
3	Building	13,792.35	1,560.30	895.12	14,457.53	613.12	594.78	1,207.90	13,249.63	13,179.23
4	Plant & Machinery	22,396.40	2,956.72	539.78	24,813.34	2,658.03	2,737.41	5,395.44	19,417.90	19,738.37
5	Furniture & Fixtures	195.32	446.19	-	641.51	28.23	34.17	62.40	579.11	167.09
6	Vehicles	717.75	251.00	52.64	916.11	98.91	119.48	218.39	697.72	618.84
7	Computers	53.55	49.45	-	103.00	16.18	15.84	32.02	70.98	37.37
8	Other Equipments	99.82	174.83	-	274.65	24.49	27.41	51.90	222.75	75.33
	SubTotal	40,568.17	5,438.49	1,487.54	44,519.12	3,470.15	3,560.28	7,030.43	37,488.69	37,098.02
3.3	Intangible Assets									
1	Software Licences	62.58	7.90	-	70.48	28.18	26.27	54.45	16.03	34.40
2	Product Licences	1,075.28	-	-	1,075.28	80.68	212.64	293.32	781.96	994.60
3	Usage Rights	214.41	-	-	214.41	39.66	47.78	87.44	126.97	174.75
	SubTotal	1,352.27	7.90	-	1,360.17	148.52	286.69	435.21	924.96	1,203.75
	Total	41,920.44	5,446.39	1,487.54	45,879.29	3,618.67	3,846.98	7,465.64	38,413.65	38,301.77

- i Borrowing cost capitalised during the year Rs. 77.61 Lakhs (31st March 2016 - Rs.214.55 Lakhs) to respective qualifying assets.
- ii 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 / Intangibles under Development**

PARTICULARS	Capital Work in Progress		
	Tangible	Intangible	Total
<b>Cost</b>			
<b>As at March 31, 2016</b>	<b>1,532.69</b>	<b>718.22</b>	<b>2,250.91</b>
Addition	555.37	226.47	781.84
Capitalisation	1,431.62	-	1,431.62
<b>As at March 31, 2017</b>	<b>656.44</b>	<b>944.69</b>	<b>1,601.13</b>

Capital Work-in-Progress for Tangible Assets as at 31st March 2017 comprises expenditure for the Plant and Building in the course of construction. Intangible Assets under development as at 31st March 2017 comprises expenditure for the development and registration of Product Licenses.



## NOTES TO THE FINANCIAL STATEMENTS

Notes: - Addition to Research and Development Assets during the year are as under

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block			Depreciation / Amortisation			Net Block	
		Opening	Addition	Deduction	Closing	Opening	For the Year	As at 31st March 2018	As at 31st March 2017
	<b>Tangible Assets</b>								
1	Building	9.49	-	-	9.49	0.32	0.16	9.01	9.17
2	Plant & Machinery	109.41	74.23	-	183.64	28.55	17.51	137.58	80.86
3	Furniture & Fixtures	15.76	-	-	15.76	6.65	3.33	5.78	9.11
4	Computers	3.33	0.21	-	3.54	0.73	1.09	1.72	2.60
5	Other Equipments	2.09	2.53	-	4.62	0.48	0.48	3.66	1.62
	<b>Sub Total</b>	<b>140.08</b>	<b>76.97</b>	<b>-</b>	<b>217.05</b>	<b>36.73</b>	<b>22.57</b>	<b>157.75</b>	<b>103.36</b>
	<b>Intangible Assets</b>								
1	Product Licences	52.96	-	-	52.96	51.36	1.60	-	1.60
	<b>Sub Total</b>	<b>52.96</b>	<b>-</b>	<b>-</b>	<b>52.96</b>	<b>51.36</b>	<b>1.60</b>	<b>-</b>	<b>1.60</b>
	<b>Total</b>	<b>193.04</b>	<b>76.97</b>	<b>-</b>	<b>270.01</b>	<b>88.09</b>	<b>24.17</b>	<b>157.75</b>	<b>104.96</b>

Notes: - Addition to Research and Development Assets in Previous Year are as under

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block			Depreciation / Amortisation			Net Block	
		Opening	Addition	Deduction	Closing	Opening	For the Year	As at 31st March 2017	As at 31st March 2016
	<b>Tangible Assets</b>								
1	Building	9.49	-	-	9.49	0.16	0.16	9.17	9.33
2	Plant & Machinery	85.33	24.08	-	109.41	13.75	14.80	80.86	71.58
3	Furniture & Fixtures	15.76	-	-	15.76	3.32	3.33	9.11	12.44
4	Vehicles	0.17	-	0.17	-	-	-	-	0.17
5	Computers	1.21	2.12	-	3.33	0.24	0.49	2.60	0.97
6	Other Equipments	1.30	0.80	-	2.10	0.20	0.28	1.62	1.10
	<b>Sub Total</b>	<b>113.26</b>	<b>27.00</b>	<b>0.17</b>	<b>140.09</b>	<b>17.67</b>	<b>19.06</b>	<b>103.36</b>	<b>95.59</b>
	<b>Intangible Assets</b>								
1	Product Licences	52.96	-	-	52.96	40.89	10.47	1.60	12.07
	<b>Sub Total</b>	<b>52.96</b>	<b>-</b>	<b>-</b>	<b>52.96</b>	<b>40.89</b>	<b>10.47</b>	<b>1.60</b>	<b>12.07</b>
	<b>Total</b>	<b>166.22</b>	<b>27.00</b>	<b>0.17</b>	<b>193.05</b>	<b>58.56</b>	<b>29.53</b>	<b>104.96</b>	<b>107.66</b>

**NOTES TO THE FINANCIAL STATEMENTS****4 INVESTMENTS IN SUBSIDIARIES**

(₹ in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>(Carried at cost)</b>		
<b>Investments in Equity Shares of Subsidiaries (Unquoted)</b>		
(i) 2,92,500 (31st March 2017 - 2,92,500) Equity Shares of Meghmani Organics Inc., USA of USD 1 each	139.70	139.70
(ii) 4,04,46,820 (31st March 2017 - 4,04,46,820) Equity Shares of Meghmani Finechem Ltd. of Rs.10 each	12,183.97	12,175.84
(iii) 1 (31st March 2017 - 1) Equity Shares of Meghmani Overseas FZE of AED 35,000 each	4.56	4.56
(iv) 14,657,392 (31st March 2017 - Nil) Equity Shares of Meghmani Agrochemicals Private Limited of Rs. 10 each	10,986.54	-
(v) 2,50,000 (31st March 2017 - 2,50,000) Equity Shares of PT Meghmani Organics Indonesia of USD 1 each	123.30	123.30
Less - Impairment of Investments in Equity Shares of PT Meghmani Organics Indonesia	(123.30)	-
<b>TOTAL</b>	<b>23,314.77</b>	<b>12,443.40</b>

**TOTAL INVESTMENTS IN UNQUOTED EQUITY SHARES OF SUBSIDIARIES**

(₹ in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Aggregate value of Investments in Unquoted Equity Shares of Subsidiaries	23,438.07	12,443.40
Aggregate value of Impairment Investments in Unquoted Equity Shares of Subsidiary	123.30	-

## NOTES TO THE FINANCIAL STATEMENTS

### 5 FINANCIAL ASSETS : INVESTMENTS

(₹ in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>(Carried at fair value through Other Comprehensive Income)</b>		
<b>(I) Investments in Equity Shares (Unquoted)</b>		
(i) 4 (31st March 2017 - 4) Equity Shares of Alaukik Owners Association of Rs.100/- each #	0	0
(ii) 5,17,085 (31st March 2017 - 5,17,085) Equity Shares of Narmada Clean Tech.of Rs.10/- each	51.71	51.71
(iii) 14,000 (31st March 2017 - 14,000) Equity Share of Bharuch Eco Enviro Infrastructure Ltd. of Rs.10/- each	1.40	1.40
(iv) 500 (31st March 2017 - 500) Equity Shares of Green Environment Services Co.Op.Soc. Ltd. of Rs.10/- each	0.05	0.05
(v) 30,000 (31st March 2017 - 30,000) Equity Shares of Panoli Enviro Technology of Rs.10/- each	3.00	3.00
(vi) 100 (31st March 2017 - 100) Equity Shares of Sanand Eco Project Limited of Rs.10/- each	0.01	0.01
(vii) 2,000 (31st March 2017 - 2,000) Equity Shares of Suvikas Peoples Co. Op. Bank Limited of Rs.50/- each	1.00	1.00
(viii) 10 (31st March 2017 - 10) Equity Shares of Vellard View Premises Co. Op. Soc Ltd. of Rs.50/- each	0.01	0.01
<b>Total (I)</b>	<b>57.18</b>	<b>57.18</b>
<b>(Carried at fair value through Profit and loss)</b>		
<b>(II) Investments in Equity Shares (Unquoted)</b>		
(i) Nil (31st March 2017 - 2,000) Equity Shares of Saket Project Ltd. of Rs.100/- each	-	0.20
(ii) 8,200 (31st March 2017 - 8,200) Equity Shares of Lanzorate Finance Limited of Rs.10/- each	-	0.82
<b>Total (II)</b>	<b>-</b>	<b>1.02</b>
<b>(Carried at Amortised cost)</b>		
<b>(III) Investments in Government Securities (Unquoted)</b>		
National Savings Certificates	0.23	0.23
<b>Total (III)</b>	<b>0.23</b>	<b>0.23</b>
<b>Total (I+II+III)</b>	<b>57.41</b>	<b>58.43</b>

Note - # Amount is less than 0.01 Lakhs

### TOTAL INVESTMENTS

(₹ in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Aggregate Value Of Investments in unquoted Investments	57.41	58.43

### 6 OTHER FINANCIAL ASSETS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Good</b>		
Security Deposits	546.30	485.84
Bank Deposits with original maturity of more than 12 months (including interest accrued) (Refer Note below)	60.92	10.45
<b>TOTAL</b>	<b>607.22</b>	<b>496.29</b>

Margin money deposits amounting Rs. 60.92 Lakhs are given as security against bank guarantees with Bank (31st March 2017 - Rs. 10.45 Lakhs).

## NOTES TO THE FINANCIAL STATEMENTS

### 7 INCOME TAX ASSETS (NET)

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Advance payment of Income Tax (Net of Provision)	1,002.00	1,734.86
<b>TOTAL</b>	<b>1,002.00</b>	<b>1,734.86</b>

### 8 OTHER ASSETS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Good</b>		
Capital Advances	249.53	153.57
Balances with Government Authorities (Amount Paid Under Protest)	365.28	671.15
<b>TOTAL</b>	<b>614.81</b>	<b>824.72</b>

### 9 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Raw Materials	5,520.54	4,321.46
Raw Materials in Transit	304.00	14.38
Work In Process	1,115.51	1,205.50
Finished Goods	6,262.57	6,401.49
Finished Goods in Transit	8,574.23	7,561.77
Stock in Trade (Trading)	44.83	38.75
Stores and Spares	639.19	503.73
Others (Packing Material and Fuel Stock)	804.37	856.54
-		
<b>TOTAL</b>	<b>23,265.24</b>	<b>20,903.62</b>

- i The Company has written down the value of Inventories by Rs. 66.03 Lakhs (31st March, 2017 Rs. NIL) and has recognised the same as an expense to the Statement of Profit and Loss.

### 10 TRADE RECEIVABLES

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Unsecured, Considered Good	30,283.66	29,776.63
Unsecured, Considered Doubtful	226.72	-
	<b>30,510.38</b>	<b>29,776.63</b>
Less : Allowance for Doubtful Trade Receivables	(226.72)	-
<b>TOTAL</b>	<b>30,283.66</b>	<b>29,776.63</b>

- i Trade Receivables are non-interest bearing and are generally on terms of 30 to 180 days.  
 ii For amounts due and terms and conditions relating to Related Party Receivables, refer Note 41  
 iii Refer Note No - 42 For Information about Credit Risk

**NOTES TO THE FINANCIAL STATEMENTS**

**11 CASH AND CASH EQUIVALENTS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Balance with Banks in Current Accounts	110.71	97.39
Cash on Hand	11.80	7.94
<b>TOTAL</b>	<b>122.51</b>	<b>105.33</b>

**12 OTHER BANK BALANCES**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Deposits with original maturity of more than three months but less than twelve months (Refer Note below)	43.63	790.36
Earmarked balances For Unclaimed Dividend	22.10	23.01
<b>TOTAL</b>	<b>65.73</b>	<b>813.37</b>

**Note :** Margin money deposits amounting Rs. 43.63 Lakhs are given as security against bank guarantees (31st March 2017 - Rs. 37.34 Lakhs). Deposits amounting Rs. NIL (31st March 2017 - Rs. 753.02 Lakhs) are held as Margin Money against borrowings from Bank.

**13 LOANS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Doubtful</b>		
<b>To Related Parties</b>		
Loan to Subsidiary Company (PT Meghmani Organics Indonesia)	-	413.42
Less: Allowance for Doubtful Loans	-	(413.42)
	-	-
<b>Unsecured, Considered Good</b>		
Loan to Employees (Refer Note below)	16.20	22.02
<b>TOTAL</b>	<b>16.20</b>	<b>22.02</b>

**Note:** The loans to Employees are interest free and are generally given for a tenure of 6 to 12 months.

**14 OTHER FINANCIAL ASSETS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Good</b>		
Insurance Claim Receivable	1,398.37	3,501.03
Export Benefit Receivable	1,722.78	2,070.67
Derivative Assets	-	128.43
Security Deposit	4.95	4.95
Reimbursement of Expenses Receivable from Subsidiary	28.53	-
<b>TOTAL</b>	<b>3,154.63</b>	<b>5,705.08</b>

**NOTES TO THE FINANCIAL STATEMENTS****15 OTHER ASSETS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Good</b>		
Balance with Government Authorities (Refer Note below)	7,019.54	4,831.68
Advances to Suppliers	359.48	629.71
Advances to Employees	11.64	41.61
Prepaid Expenses	585.16	764.90
Others	64.44	23.56
<b>Unsecured, Considered Doubtful</b>		
Advances to Suppliers	20.90	-
Allowance for Doubtful Advances	(20.90)	-
<b>TOTAL</b>	<b>8,040.26</b>	<b>6,291.46</b>

**Note:** Balance with Government Authorities includes VAT / Cenvat / Service Tax credit receivable

**16 SHARE CAPITAL**

AUTHORISED EQUITY SHARE CAPITAL	No. of shares	Rs. in Lakhs
Equity shares of Re. 1 each.		
<b>As at 1st April 2016</b>	<b>37,00,00,000</b>	<b>3,700.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31st March 2017</b>	<b>37,00,00,000</b>	<b>3,700.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31st March 2018</b>	<b>37,00,00,000</b>	<b>3,700.00</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL</b>	<b>No. of shares</b>	<b>Rs. in Lakhs</b>
Equity shares of Re. 1 each.	25,43,14,211	2,543.14

**Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

AUTHORISED EQUITY SHARE CAPITAL	No. of shares	Rs. in Lakhs
<b>As at 1st April 2016</b>	<b>25,43,14,211</b>	<b>2,543.14</b>
Increase/(Decrease) during the year	-	-
<b>As at 31st March 2017</b>	<b>25,43,14,211</b>	<b>2,543.14</b>
Increase/(Decrease) during the year	-	-
<b>As at 31st March 2018</b>	<b>25,43,14,211</b>	<b>2,543.14</b>

**Terms / Rights attached to Equity Shares**

The Company has one class of equity shares having par value of Re. 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### Number of Shares held by Shareholders holding more than 5% Shares

PARTICULARS	As at 31st March 2018		As at 31st March 2017	
	No. of shares	% Holding	No. of shares	% Holding
DBS Nominees (P) Ltd.	1,36,23,540	5.36%	2,26,53,600	8.91%
Mr. Jayanti Patel	1,85,60,390	7.30%	1,85,60,390	7.30%
Mr. Ashish Soparkar	2,46,80,410	9.70%	2,45,85,628	9.67%
Mr. Natwarlal Patel	2,57,12,130	10.11%	2,57,12,130	10.11%
Mr. Ramesh Patel	1,64,22,392	6.46%	1,64,22,392	6.46%
<b>As at 31st March 2018</b>	<b>9,89,98,862</b>	<b>38.93%</b>	<b>10,79,34,140</b>	<b>42.44%</b>

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.

### Distribution made and proposed

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Cash dividends on Equity Shares declared and paid:</b>		
Final dividend for 31 March 2017: Rs. 0.40 per share (31st March, 2016: NIL)	1,224.35	-
<b>Proposed dividends on Equity shares:</b>		
Proposed cash dividend for 31 March 2018: Rs. 0.40 per share (31st March, 2017: Rs. 0.40 Per Share)	1,224.35	1,224.35

**NOTES TO THE FINANCIAL STATEMENTS****17 OTHER EQUITY**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>(1) Securities Premium Reserve</b>		
Balance as at the Beginning of the year	15,650.48	15,650.48
<b>Balance as at the end of the year</b>	<b>15,650.48</b>	<b>15,650.48</b>
<b>(2) Capital Reserve</b>		
Balance as at the Beginning of the year	31.22	31.22
<b>Balance as at the end of the year</b>	<b>31.22</b>	<b>31.22</b>
<b>(3) General Reserve</b>		
Balance as at the Beginning of the year	8,967.18	8,967.18
Add : Transferred from Profit and Loss Account	800.00	-
<b>Balance as at the end of the year</b>	<b>9,767.18</b>	<b>8,967.18</b>
<b>(4) Capital Redemption Reserve</b>		
Balance as at the Beginning of the year	184.33	184.33
<b>Balance as at the end of the year</b>	<b>184.33</b>	<b>184.33</b>
<b>(5) Retained Earning</b>		
Balance as at the Beginning of the year	35,914.65	31,783.24
Add : Profit / (Loss) for the Year	7,693.16	4,151.06
Add : Other Comprehensive Income for the Year	10.02	(19.65)
	43,617.83	35,914.65
Less : Appropriation		
Transfer to General Reserve	800.00	-
Dividend Paid	1,017.26	-
Dividend Distribution Tax	207.09	-
	2,024.35	-
<b>Balance as at the end of the year</b>	<b>41,593.48</b>	<b>35,914.65</b>
<b>TOTAL</b>	<b>67,226.69</b>	<b>60,747.86</b>

**Nature and purpose of reserves :****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.

**Capital Reserve**

The Capital Reserve represent change in depreciation of Property, Plant and Equipment.

**General reserve**

General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of fully paid-up bonus shares

**Capital Redemption Reserve**

Capital Redemption Reserve was created for buy-back of shares.



**NOTES TO THE FINANCIAL STATEMENTS**

**18 BORROWINGS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>SECURED</b>		
<b>Term Loan Facilities from Banks :</b>		
In Indian Currency (Refer Note below)	21,741.23	7,698.11
[Refer Notes - 23 for Current Maturity of Term Loan Rs. 4606.02 Lakhs (31st March 2017 Rs. 2611.06 Lakhs)]		
<b>TOTAL</b>	<b>21,741.23</b>	<b>7,698.11</b>

Refer Note No - 42 For Interest rate Risk and Liquidity Risk.

**Details of Security and Repayment Terms :**

i	The Company has Rupee Term Loan facility of Rs. 3,000.00 Lakhs from HDFC Bank. The facility is secured by First Pari Passu charge with ICICI Bank Limited on movable and immovable fixed assets held at Z-31 and Z-32, Dahej SEZ Limited. Loan is repayable in 20 Quarterly installments of Rs. 150.00 Lakhs each commencing from 30th April 2016 and carries interest @ base rate plus 1.75% per annum with monthly rests. Interest rate for current year is 9.45% with moratorium of 2 years.
ii	The Company has Rupee Term Loan facility of Rs. 10,675.00 Lakhs from State Bank of India. The facility is secured by First charge on all the Company's movable fixed assets at (a) Agro Division III Plant at Plot No. CH 1+2/A, GIDC Dahej and (b) Pigment Blue Division at Plot No. Z-31, Z-32, Dahej SEZ Limited, Dahej. The loan carries floating interest rate on monthly rests and effective interest rate for current year is 9.00% p. a. The Term Loan is repayable in 26 quarterly instalments starting from 31st December 2015 and ending on 31st March 2022. As per below mentioned terms. 1 Two quarterly instalments of Rs. 325.00 Lakhs each starting from 31.12.2015 2 Seventeen quarterly instalments of Rs. 512.50 Lakhs each starting from 30.06.2016 3 Seven quarterly instalments of Rs. 187.50 Lakhs each starting from 30.09.2020
iii	The Company has Rupee Term Loan facility of Rs. 9,200.00 Lakhs from Axis Bank Limited. Outstanding balance for this facility is Rs. 8,700.00 Lakhs. The Facility is secured by (a) Exclusive Charge on Windmill (b) First Pari Passu charge by way of Hypothecation on the movable fixed assets of the Company (c) Assignment of Lease Hold Land used for Windmill (d) First Pari Passu charge by way of mortgage on immovable fixed assets of the Company (excluding the assets charged specifically to other lenders). The Current effective rate is 7.60% linked to 12 Months G- Sec, which will be reset every year. The term Loan is repayable in 12 half yearly instalments of Rs.725 lakhs after a moratorium period of 12 months from the date of first disbursement.
iv	The Company has Rupee Term loan facility of Rs. 12,500.00 Lakhs from ICICI Bank Limited. Outstanding balance for this facility is Rs. 10,000.00 Lakhs. The Facility is secured by (a) First Pari Passu charge by way of Hypothecation on the movable fixed assets of the Company excluding exclusively charged assets (b) First Pari passu charge on immovable fixed assets of the Company (excluding exclusively charged assets to other lenders) (c) Second Pari Passu Charge by way of Hypothecation over entire current assets. The Current effective rate is 8.20% (MCLR) with Nil spread. The Term Loan is repayable in 16 quarterly instalments amounting to Rs.625 Lakhs after a moratorium period of 13 Months from the date of first disbursement.
v	Bank loans availed by the Company are subject to certain covenants relating to interest service coverage ratio, current ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and return on fixed assets. The Company has complied with the covenants as per the terms of the loan agreements.

**NOTES TO THE FINANCIAL STATEMENTS****19 PROVISIONS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Provision for Employee benefits (Refer Note No - 38)		
Gratuity	451.54	365.67
Leave Encashment	45.72	36.40
<b>TOTAL</b>	<b>497.26</b>	<b>402.07</b>

**20 TAX EXPENSE****(a) Amounts recognised in Profit and Loss**

PARTICULARS	(₹ in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Income Tax	3,050.00	2,250.00
Adjustment to Tax related to earlier periods	51.80	50.76
Deferred Tax relating to origination & reversal of temporary differences	1,349.86	95.26
<b>Tax Expense for the year</b>	<b>4,451.66</b>	<b>2,396.02</b>

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

PARTICULARS	(₹ in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Remeasurements of the Defined Benefit Plans</b>		
Before Tax	15.40	(30.05)
Tax Benefit	(5.38)	10.40
<b>Net of Tax</b>	<b>10.02</b>	<b>(19.65)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**(c) Reconciliation of Effective Tax Rate**

PARTICULARS	(₹ in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Profit Before Tax</b>	<b>12,144.82</b>	<b>6,547.08</b>
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	4,203.08	2,265.81
<b>Non-Deductible Tax Expenses</b>		
Excess Depreciation Disallowed	-	216.98
Disallowance u/s - 43B	-	87.67
Investment Written Off	42.96	-
Other	87.09	61.65
<b>Allowable Tax Expenditure</b>		
Additional R & D Expenses u/s - 35(2AB)	(33.10)	(57.40)
Income exempt from Income Taxes (u/s 10A)	(462.79)	(94.46)
<b>Others</b>		
Adjustment for Tax of Prior Periods	51.80	50.75
Impact on account of Ind AS transition in the previous year	-	(134.98)
Adjustment to Tax related to rectification of Deferred Tax of previous year	576.41	-
Impact on account of change in the deferred tax rate	(13.79)	-
<b>Total</b>	<b>4,451.66</b>	<b>2,396.02</b>
<b>Effective Tax Rate</b>	<b>36.65%</b>	<b>36.60%</b>

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

(₹ in Lakhs)

Particular	Net balance April 1, 2017	Recognised Profit or Loss	Recognised in OCI	Other	Net	March 31, 2018	
						Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	(3,326.32)	(1,077.63)	-	-	(4,403.95)	-	(4,403.95)
Trade Payable	(94.21)	94.21	-	-	-	-	-
Inventories	576.40	(576.40)	-	-	-	-	-
Loans and Borrowings	(22.78)	(4.15)	-	-	(26.93)	-	(26.93)
Employee Benefits	136.69	216.95	(5.38)	-	348.26	348.26	-
Investment	(17.86)	(2.84)	-	-	(20.70)	-	(20.70)
<b>Tax Assets/(Liabilities)</b>	<b>(2,748.08)</b>	<b>(1,349.86)</b>	<b>(5.38)</b>	<b>-</b>	<b>(4,103.32)</b>	<b>348.26</b>	<b>(4,451.58)</b>
Set off							348.26
<b>Net Tax Assets / (Liabilities)</b>							<b>(4,103.32)</b>

**NOTES TO THE FINANCIAL STATEMENTS****(e) Movement in Deferred Tax balances for the year ended March 31, 2017****(₹ in Lakhs)**

Particular	Net balance April 1, 2016	Recognised in Profit or Loss	Recognised in OCI	Other	Net	March 31, 2017	
						Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	(3,085.12)	(241.20)	-	-	(3,326.32)	-	(3,326.32)
Trade Payable	(72.68)	(21.53)	-	-	(94.21)	-	(94.21)
Inventories	408.21	168.19	-	-	576.40	576.40	-
Loans and borrowings	(27.51)	4.73	-	-	(22.78)	-	(22.78)
Employee benefits	125.73	0.56	10.40	-	136.69	136.69	-
Investment	(11.85)	(6.01)	-	-	(17.86)	-	(17.86)
Tax Credit (MAT)	275.00	-	-	(275.00)	-	-	-
<b>Tax Assets/(Liabilities)</b>	<b>(2,388.22)</b>	<b>(95.26)</b>	<b>10.40</b>	<b>(275.00)</b>	<b>(2,748.08)</b>	<b>713.09</b>	<b>(3,461.17)</b>
Set off							713.09
<b>Net Tax Assets / (Liabilities)</b>							<b>(2,748.08)</b>

**21 BORROWINGS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Secured Loans</b>		
<b>Loans Repayable on Demand</b>		
<b>Cash Credit, Packing Credit and WCDL Accounts (Refer Note below)</b>		
From Banks - In Indian Currency	2,851.23	22,329.36
From Banks - In Foreign Currency	1,955.25	1,130.81
<b>Unsecured Loans</b>		
From Subsidiary Companies (Refer Note 41 & 44)	10,985.54	-
<b>TOTAL</b>	<b>15,792.02</b>	<b>23,460.17</b>

- i The interest rate on Working Capital facilities from State Bank of India, HDFC Bank Limited, Standard Chartered Bank and ICICI Bank Limited (Collectively known as Consortium Bankers) varies within the range of 8.15% to 10.45% (both inclusive) and are secured by :-

- (a) First Pari Passu charge created on 9th October, 2003 for Rs. 7,945.00 Lakhs was further extended on 28th May 2005 for Rs. 15,535.00 Lakhs, on 23rd January, 2007 for Rs. 21,865.00 Lakhs and on 28th August, 2009 for Rs. 34,308.00 Lakhs and on 20th September, 2017 for Rs. 40,000.00 Lakhs in favour of State Bank of India and its Consortium Bank by way of hypothecation of the entire Stock of Raw Materials, Work in Process, Finished Goods, Stores and Spares and Receivables. The present consortium is lead by State Bank of India.
- (b) First Pari Passu charge on immovable Fixed Assets to State Bank of India and its consortium bank as collateral security for the working capital facilities of Rs. 34,308.00 Lakhs. The present consortium is lead by State Bank of India.
- (c) The indenture of the mortgage created on immovable properties are located at :
  - (i) Plot No. 168,180,183 and 184 of GIDC Industrial Estate Vatva, Ahmedabad.
  - (ii) Block No. 402,403,404 and 452 at Village Chharodi, Taluka Sanand, District Ahmedabad.
  - (iii) Plot No. 21 & 21/1 of GIDC Industrial Estate Panoli, Taluka Ankleshwar, Bharuch.
  - (iv) Plot No.5001/B of GIDC Industrial Estate, Ankleshwar, Bharuch.

## NOTES TO THE FINANCIAL STATEMENTS

### 22 TRADE PAYABLES

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Outstanding Dues of Micro, Small and Medium Enterprises (Refer Note 37)	578.64	784.18
Outstanding Dues of Creditors other than Micro, Small and Medium Enterprises (Refer Note below)	16,440.06	14,689.09
<b>TOTAL</b>	<b>17,018.70</b>	<b>15,473.27</b>

#### 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 41 and 42 for the Company's credit risk management processes.

### 23 OTHER FINANCIAL LIABILITIES

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Current maturities of Non-Current Borrowing	4,606.02	2,611.06
Interest Accrued but not due on Borrowings	72.05	144.85
Employee Benefits Payable	1,306.33	633.04
Unclaimed Dividend	22.10	23.01
Payable for Retention Money	11.75	21.01
Payables for Capital Goods	855.70	822.42
Security Deposits Payable	127.71	95.98
Interest as per MSMEDA, 2006 (Refer Note 37)	280.88	259.99
Derivative Contracts	17.38	-
<b>TOTAL</b>	<b>7,299.92</b>	<b>4,611.36</b>

### 24 OTHER CURRENT LIABILITIES

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Advance from Customers	378.99	247.68
Statutory Payments	229.37	703.09
<b>TOTAL</b>	<b>608.36</b>	<b>950.77</b>

### 25 PROVISIONS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Provisions for Employee Benefits (Refer Note 38)</b>		
Leave Encashment	5.06	9.72
<b>TOTAL</b>	<b>5.06</b>	<b>9.72</b>

**NOTES TO THE FINANCIAL STATEMENTS****26 CURRENT TAX LIABILITIES (NET)**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Current Tax Payable	996.92	545.44
<b>TOTAL</b>	<b>996.92</b>	<b>545.44</b>

**27 REVENUE FROM OPERATIONS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Sale of Products</b>		
i - Manufactured Goods (including excise duty) (Refer Note I)	1,20,406.44	1,05,854.56
ii Traded Goods	2,818.85	3,573.92
<b>Other Operating Revenue</b>		
i Export Incentives	2,799.09	2,309.36
ii Scrap Sales	22.91	8.73
<b>TOTAL</b>	<b>1,26,047.29</b>	<b>1,11,746.57</b>

I 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 these Financial Results 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 requirements of Ind AS-18 'Revenue'.

**28 OTHER INCOME**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Interest Income		
- on Bank Deposits	40.19	45.17
- on Others	368.49	239.84
Fair Value Gain on Derivative Instruments held at Fair Value Through Profit or Loss	-	128.43
Net Gain on Foreign Currency Transactions and Translation	1,969.66	371.36
Rent Income (Refer note)	3.08	2.31
Liabilities No Longer Required Written Back	99.65	231.28
Miscellaneous Income	103.74	27.15
Insurance Claims Received	25.78	50.81
<b>TOTAL</b>	<b>2,610.59</b>	<b>1,096.35</b>

Note: The Company has entered into lease rent agreement for Factory 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 income recognised in the Statement of Profit and Loss for the year amounts to Rs 3.08 lakhs (March 31, 2017: Rs 2.31 lakhs).

**29 COST OF MATERIALS CONSUMED**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	1 <sup>st</sup> April 2017
Pigments	32,204.63	28,059.31
Agro Chemicals	36,546.23	27,036.85
<b>TOTAL</b>	<b>68,750.86</b>	<b>55,096.16</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 30 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK IN TRADE

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>(A) Inventories at the beginning of the Year</b>		
(i) Finished Goods	6,401.50	11,284.13
(ii) Trading Goods	38.75	84.66
(iii) Goods in Transit	7,561.77	8,577.68
(iv) Work-in-Progress	1,205.50	1,259.41
<b>TOTAL (A)</b>	<b>15,207.52</b>	<b>21,205.88</b>
<b>(B) Inventories at the end of the Year</b>		
(i) Finished Goods	6,262.57	6,401.50
(ii) Trading Goods	44.83	38.75
(iii) Goods in Transit	8,574.23	7,561.77
(iv) Work-in-Progress	1,115.51	1,205.50
<b>TOTAL (B)</b>	<b>15,997.14</b>	<b>15,207.52</b>
<b>TOTAL (A - B) Change in Inventories</b>	<b>(789.62)</b>	<b>5,998.36</b>

### 31 EMPLOYEE BENEFIT EXPENSES

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Salary, Wages and Bonus	4,258.64	3,880.02
Directors Remuneration	1,338.06	436.38
Contribution to Provident and Other Funds	187.05	171.86
Staff Welfare Expenses	377.13	356.37
<b>TOTAL</b>	<b>6,160.88</b>	<b>4,844.63</b>

### 32 FINANCE COSTS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Interest Expense on:		
- Term Loans	1,501.26	1,198.86
- Cash Credit and Working Capital Demand Loan	1,065.17	2,081.23
Others	270.67	167.51
Other borrowing Costs	250.07	194.06
<b>TOTAL</b>	<b>3,087.17</b>	<b>3,641.66</b>

**NOTES TO THE FINANCIAL STATEMENTS****33 OTHER EXPENSES**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Consumption of Stores and Spares	1,354.03	1,212.34
Power and Fuel	9,048.88	8,134.97
Repairs to Buildings	161.06	110.69
Repairs to Machinery	1,009.83	719.38
Pollution Control Expenses	2,084.08	1,157.04
Excise Duty Expenses	370.90	(470.12)
Labour Contract Charges	2,175.21	1,708.87
Rent (Refer Note -i)	207.21	188.69
Rates and Taxes	79.98	116.09
Insurance	845.77	343.36
Packing Material Consumption	3,424.59	2,810.26
Loss on Sale of Property, Plant and Equipment	133.71	5.34
Loss on Derivatives	145.81	-
Freight Expenses	2,864.10	1,903.18
Research & Development Expenses (Refer Note - ii)	191.29	157.13
Bad Debts	780.25	72.98
Provision For Doubtful Debts and Advances	247.62	-
Expenditure towards Corporate Social Responsibility (Refer Note - iii)	26.22	87.98
Miscellaneous Expenses	4,667.91	4,016.02
Payments to the Auditors (Refer Note - iv)	26.43	32.75
<b>TOTAL</b>	<b>29,844.88</b>	<b>22,306.95</b>

**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 Rs 207.21 lakhs (March 31, 2017: Rs 188.69 lakhs).
- ii Above expenses includes Research & Development related expenses as follows

Particulars	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
Salary & Wages	128.30	102.83
Raw Material Consumption	17.61	11.40
Consumables & Spares and Others	2.52	2.62
Electricity Expenses	12.62	11.46
Annual Maintenance Contract & Repairing	13.67	9.80
Computer Maintenance	0.05	0.16
Stationery Expenses	0.99	0.25
Telephone, Mobile & Internet Expenses	0.61	1.84
Travelling Exepense	2.91	6.84
Vehicle Expenes	8.06	6.96
Conveyance Expense	2.23	1.92
Miscellaneous Expense	1.72	1.05
<b>TOTAL</b>	<b>191.29</b>	<b>157.13</b>



## NOTES TO THE FINANCIAL STATEMENTS

- iii Corporate Social Responsibility Expenditure - spent during the year is Rs.26.22 Lakhs (31st March 2017 - Rs.87.98 Lakhs)

### Details of Corporate Social Responsibility (CSR Expenditure)

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Amount Required to be spent as per Section 135 of the Act	98.26	92.45
Amount Spent in cash during the year on :		
i Construction / Acquisition of an Assets	-	-
ii On Purposes other than (i) above	26.22	87.98

- iv Payments to Auditors

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
(a) as Auditors	26.00	22.50
(b) for Taxation matters	-	3.50
(c) for Company Law matters	-	2.75
(d) for Other services	-	4.00
(e) for reimbursement of expenses	0.43	-
<b>TOTAL</b>	<b>26.43</b>	<b>32.75</b>

### 34 EXCEPTIONAL ITEMS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Impairment of Investment in Subsidiary Company	123.30	-
Loss due to Fire	112.52	381.06
<b>TOTAL</b>	<b>235.82</b>	<b>381.06</b>

Exceptional Item consists of Impairment of investment in Subsidiary PT Meghmani Organics Indonesia and loss occurred due to fire in previous year at Plot No. Z31, Z32, Dahej SEZ Limited, Dahej, Bharuch, Gujarat, (India). The Company has All Risk Insurance Policy (including Loss of Profit Policy) and is fully covered for insurance claim. Against the insurance claim receivable of Rs. 2,942.04 lakhs, the Company has received Rs. 2,829.52 Lakhs and charged the differential amount of Rs.112.52 Lakhs to Profit and Loss Account as Exceptional Item .

### 35 OTHER COMPREHENSIVE INCOME

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Statement of Other Comprehensive Income</b>		
(i) Remeasurements of the defined benefit plans	15.40	(30.05)
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss	(5.38)	10.40
<b>Total</b>	<b>10.02</b>	<b>(19.65)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 36 EARNINGS PER SHARE

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Profit attributable to Shareholders	7,693.17	4,151.06
Weighted Average number of Equity Shares outstanding (Nos)	25,43,14,211	25,43,14,211
Basic and Diluted Earnings Per Share (Rs.)	3.03	1.63
Face value per Equity Share	1	1

- 37 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:

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year; Principal Amount Interest Amount	578.64 280.88	784.18 259.99
The amount of interest paid by the buyer under the 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 year (where the principal has been paid but interest under the MSMED Act not paid)	113.80	89.20
The amount of interest accrued and remaining unpaid at the end of accounting year; and	3.78	8.29
The amount of further interest due and payable even in the succeeding period, 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	280.88	259.99

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.

### 38 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 or Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

## NOTES TO THE FINANCIAL STATEMENTS

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

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
<b>Opening Balance of Defined Benefit Obligation</b>	<b>759.60</b>	<b>648.94</b>
Service Cost		
a. Current Service Cost	74.41	69.93
b. Past Service Cost	1.21	-
Interest Cost	53.93	49.97
Benefits Paid	(30.12)	(43.82)
Re-measurements		
a. Actuarial Loss/(Gain) from changes in Financial assumptions	(7.74)	18.84
b. Actuarial Loss/(Gain) from experience over the past period	(21.42)	15.74
<b>Closing Balance of Defined Benefit Obligation</b>	<b>829.87</b>	<b>759.60</b>

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

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
<b>Opening Balance of Fair Value of Plan Assets</b>	<b>393.95</b>	<b>306.87</b>
Contributions by Employer	16.32	104.31
Benefits Paid	(30.12)	(43.82)
Interest Income on Plan Assets	27.36	22.06
Re-measurements		
a. Actuarial (Loss)/Gain from changes in Financial assumptions	2.31	0.69
b. Return on Plan Assets excluding amount included in net interest on the net Defined Benefit Liability/(Asset)	(16.07)	3.84
<b>Closing Balance of Fair Value of Plan Assets</b>	<b>393.75</b>	<b>393.95</b>
<i>Actual Return on Plan Assets</i>	13.60	26.59

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

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
Service Cost		
a. Current Service Cost	74.41	69.93
b. Past Service Cost	1.21	-
Net Interest on net Defined Benefit Liability/(Asset)	26.57	27.91
<b>Employer Expenses</b>	<b>102.19</b>	<b>97.84</b>

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

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
Present Value of DBO	829.87	759.60
Fair Value of Plan Assets	393.75	393.95
<b>Liability/ (Asset) recognised in the Balance Sheet</b>	<b>436.12</b>	<b>365.65</b>
<b>Funded Status [Surplus/(Deficit)]</b>	<b>(436.12)</b>	<b>(365.65)</b>
<b>Experience Adjustment on Plan Liabilities: (Gain)/Loss</b>	<b>(21.42)</b>	<b>15.74</b>
<b>Experience Adjustment on Plan Assets: Gain/(Loss)</b>	<b>(16.07)</b>	<b>3.84</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
Investment Funds with Insurance Company	100%	100%
Of which, Unit Linked	10%	6%
Of which, Traditional/ Non-Unit Linked	90%	94%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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**

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
Salary Growth Rate	6% p.a.	6% p.a.
Discount Rate	7.3% p.a.	7.1% p.a.
Withdrawal Rate	8% p.a.	8% p.a.
Mortality	IALM 2006-08 Ult.	IALM 2006-08 Ult.
Expected Return on Plan Assets	7.1% p.a.	7.7% p.a.
Expected weighted average remaining working life	5 years	5 years

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

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
Opening Balance (Loss)/Gain	(22.88)	7.17
Re-measurements on DBO		
a. Actuarial (Loss)/Gain from changes in Financial assumptions	7.74	(18.84)
b. Actuarial (Loss)/Gain from experience over the past period	21.42	(15.74)
Re-measurements on Plan Assets		
a. Actuarial (Loss)/Gain from changes in Financial assumptions	2.31	0.69
b. Return on Plan assets, excluding amount included in net interest on the net Defined Benefit Liability/(Asset)	(16.07)	3.84
<b>Closing Balance (Loss) / Gain</b>	<b>(7.48)</b>	<b>(22.88)</b>

**Table 8: Sensitivity Analysis**

Financial Year ended March 31, 2018	Increases 1%	Decreases 1%
Salary Growth Rate	DBO increases by Rs 40.87 Lakhs	DBO decreases by Rs 37.83 Lakhs
Discount Rate	DBO decreases by Rs 37.05 Lakhs	DBO increases by Rs 40.75 Lakhs
Withdrawal Rate	DBO increases by Rs 0.94 Lakhs	DBO decreases by Rs 1.14 Lakhs
Mortality (increase in expected lifetime by 1 year)	DBO decreases by Rs 0.13 Lakhs	
Mortality (increase in expected lifetime by 3 years)	DBO decreases by Rs 0.26 Lakhs	

## NOTES TO THE FINANCIAL STATEMENTS

Financial Year ended March 31, 2017	Increases 1%	Decreases 1%
Salary Growth Rate	DBO increases by Rs 34.43 Lakhs	DBO decreases by Rs 31.78 Lakhs
Discount Rate	DBO decreases by Rs 31.18 Lakhs	DBO increases by Rs 34.40 Lakhs
Withdrawal Rate	DBO increases by Rs 0.31 Lakhs	DBO decreases by Rs 0.45 Lakhs
Mortality (increase in expected lifetime by 1 year)	DBO decreases by Rs 0.06 Lakhs	
Mortality (increase in expected lifetime by 3 years)	DBO decreases by Rs 0.15 Lakhs	

**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 analysis.

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

(₹ in Lakhs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March, 2017
Surplus/ (Deficit) at start of period	(365.65)	(342.07)
Movement during the period		
Current Service Cost	(74.41)	(69.93)
Past Service Cost	(1.21)	-
Net Interest on net DBO	(26.57)	(27.91)
Actuarial Gain/ (Loss)	15.40	(30.05)
Contributions	16.32	104.31
<b>Surplus/ (Deficit) at end of period</b>	<b>(436.12)</b>	<b>(365.65)</b>

### (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 Rs. 84.86 lakhs (March 31, 2017 Rs. 74.02 lakhs) as expense in Note 31 under the head 'Contributions to Provident and Other Funds'.

## 39 CONTINGENT LIABILITIES and CAPITAL COMMITMENTS

### A Claims against the Company not acknowledged as debts (excluding interest and penalty)

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Disputed Income-Tax Liability	313.39	176.02
Disputed Excise Duty Liability	1965.67	2926.79
Disputed Service Tax Liability	291.16	344.06
Disputed Value Added Tax Liability	87.04	229.13
Disputed Labour Law Compliance Liabilities	63.88	63.88
(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	308.79	2,161.42
In respect of Guarantee		
- Corporate Guarantee Given	2,500.00	2,500.00
- Others	1,131.10	-

**NOTES TO THE FINANCIAL STATEMENTS****B. CAPITAL COMMITMENTS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Estimated amount of Contracts pending execution on Capital Accounts and not provided for (net of Advances)	894.91	369.41

**40. SEGMENT REPORTING**

Financial Year ended on 31st March 2018:

					(₹ in Lakhs)
Particulars	Pigments	Agro Chemicals	Others *	Elimination	Total
<b>Revenue</b>					
External Sales	58,247.16	64,192.06	786.06	-	1,23,225.28
Other Operating Revenue	1,298.63	1,497.95	25.43	-	2,822.01
<b>Total Revenue</b>	<b>59,545.79</b>	<b>65,690.01</b>	<b>811.49</b>	-	<b>1,26,047.29</b>
<b>Results</b>					
Segment Results	7,554.56	8,492.97	(128.92)	-	15,918.61
Un-allocable (Expenses)/Income					(450.80)
<b>Profit from Operation</b>					<b>15,467.81</b>
Finance Cost					(3,087.17)
<b>Profit before Exceptional Items</b>					<b>12,380.64</b>
Exceptional Items					(235.82)
<b>Profit Before Tax</b>					<b>12,144.82</b>
Income Tax Expenses					(3,101.80)
Deferred Tax					(1,349.86)
<b>Profit After Tax</b>					<b>7,693.16</b>

					(₹ in Lakhs)
Other Information	Pigments	Agro Chemicals	Others*	Unallocable	Total
Capital Addition	5,272.22	6,166.95	0.16	450.31	11,889.64
Depreciation	(2,086.10)	(1,971.89)	(0.12)	(203.84)	(4,261.95)
Non-Cash Items	355.08	(664.02)	(103.12)	(5.98)	(418.04)

					(₹ in Lakhs)
Balance Sheet	Pigments	Agro Chemicals	Others*	Elimination	Total
<b>Assets</b>					
Segment Assets	61,435.64	51,452.30	362.63	-	1,13,250.57
Un-allocable Assets					24,582.05
<b>Total Assets</b>					<b>1,37,832.62</b>
<b>Liabilities</b>					
Segment Liabilities	26,394.29	24,986.12	432.83	-	51,813.24
Unallocable Liabilities					12,146.23
Deferred Tax Liabilities					4,103.32
<b>Total Liabilities</b>					<b>68,062.79</b>

\*Others includes Trading Activity.

## NOTES TO THE FINANCIAL STATEMENTS

Financial Year ended on 31st March 2017:

					(₹ in Lakhs)
Particulars	Pigments	Agro Chemicals	Others *	Elimination	Total
<b>Revenue</b>					
External Sales	54,769.35	51,085.22	3,573.91	-	1,09,428.48
Other Operating Revenue	986.83	1,204.16	127.10	-	2,318.09
Total Revenue	55,756.18	52,289.38	3,701.01	-	1,11,746.57
<b>Results</b>					
Segment Results	7,035.04	3,155.90	93.85	-	10,284.79
Interest Income					-
Un-allocable (Expenses)/Income					285.01
<b>Profit from Operation</b>					<b>10,569.80</b>
Finance Cost					(3,641.66)
<b>Profit before Exceptional Items</b>					<b>6,928.14</b>
Exceptional Items					(381.06)
<b>Profit Before Tax</b>					<b>6,547.08</b>
Income Tax Expenses					(2,300.75)
Deferred Tax					(95.26)
<b>Profit After Tax</b>					<b>4,151.07</b>

Other information	Pigments	Agro Chemicals	Others*	Unallocable	Total
Capital Addition	2,888.44	1,175.00	-	733.18	4,796.62
Depreciation	(1,950.54)	(1,890.59)	(5.85)	-	(3,846.98)
Non-Cash Items	(320.59)	(345.15)	(17.83)	-	(683.57)

Balance sheet	Pigments	Agro Chemicals	Others*	Elimination	Total
<b>Assets</b>					
Segment Assets	62,009.44	54,385.67	1,061.64	-	1,17,456.75
Un-allocable Assets					1,733.24
<b>Total Assets</b>					<b>1,19,189.99</b>
<b>Liabilities</b>					
Segment Liabilities	25,834.56	25,660.84	1,088.68	-	52,584.08
Unallocable Liabilities					566.83
Deferred Tax Liabilities					2,748.08
<b>Total Liabilities</b>					<b>55,898.99</b>

\*Others includes Trading Activity

### (b) Analysis By Geographical Segment

#### Segment Revenue:

Segment revenue is analysed based on the location of customers regardless of where the goods are produced. The following provides an analysis of the Company's sales by Geographical Markets:

**NOTES TO THE FINANCIAL STATEMENTS**

PARTICULARS	(₹ in Lakhs)	
	2017-2018	2016-2017
Revenue:		
Within India	37,085.87	43,081.09
Outside India	88,961.42	68,655.48
<b>TOTAL</b>	<b>1,26,047.29</b>	<b>1,11,746.57</b>

The following is an analysis of the carrying amount of Non - Current Assets, which do not include Deferred Tax assets, Income Tax Assets and Financial Assets analysed by the Geographical area in which the Assets are located.

PARTICULARS	(₹ in Lakhs)	
	2017-2018	2016-2017
<b>Carrying amount of Segment Assets</b>		
Within India	71,217.76	53,282.90
Outside India	-	-

The Company has one customer based outside India who has accounted for more than 10% of the Company's revenue. Total amount of revenue from this customer is Rs. 15,144.36 Lakhs for the year ended March 31, 2018 and Rs. 6,000.76 Lakhs March 31, 2017

**Notes**

- (1) The Company is divided into two Segments. These Segments are the basis for management control and hence form the basis for reporting. The business of each Segment comprises of :
  - a) Agro Business - The Company's operation includes manufacture and marketing of Technical, Intermediates and Formulation of Insecticides and Herbicides.
  - b) Pigment Business - The Company's operation includes manufacture and marketing of Phthalocynine Green 7, Copper Phthalocynine Blue (CPC), Alpha Blue and Beta Blue.
- (2) Segment Revenue in the Geographical Segments considered for disclosure are as follows:
  - a) Revenue in India includes sales to Customers located within India.
  - b) Revenue outside India includes sales to Customers located other than above Geographic Segment.
- (3) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- (4) Based on "management approach" defined under Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly information has been presented along these segments.



**NOTES TO THE FINANCIAL STATEMENTS**

**41 RELATED PARTIES DISCLOSURES :-**

- Subsidiaries of the Company : Meghmani Organics USA, Inc.(MOL-USA)  
Meghmani Europe BVBA (MOL-EUROPE)  
(Ceased from 23.02.2017)  
PT Meghmani Organics Indonesia(MOL INDONESIA)  
Meghmani Overseas FZE-Dubai  
Meghmani Finechem Limited (MFL)  
Meghmani Agrochemicals Private Limited (From 23.08.2017)
- Enterprises in which Key Managerial Personnel [KMP] & their Relatives have significant influence : Meghmani Pigments  
Ashish Chemicals  
Tapsheel Enterprise  
Meghmani Dyes & Intermediates LLP  
Meghmani Industries Limited  
Meghmani Chemicals Limited  
Vidhi Global Chemicals Limited  
Panchratna Corporation  
Meghmani LLP (Formerly Meghmani Unichem LLP)  
Matangi Industries LLP  
Navratan Specialty Chemicals LLP
- Key Managerial Personnel : Mr. Jayanti Patel  
Mr. Ashish Soparkar  
Mr. Natwarlal Patel  
Mr. Ramesh Patel  
Mr. Anand Patel  
Mr. Ankit Patel  
Mr. Karana Patel  
Mr. Darshan Patel  
Mr. Rajkumar Mehta (Chief Financial Officer w.e.f.22.05.2017 to 31.12.2017)  
Mr. G.S. Chahal (Chief Financial Officer w.e.f.10.02.2018)  
Mr. Kamlesh Mehta (Company Secretary)
- Non Executive Directors : Mr. Balkrishna Thakkar  
Mr. Chinubhai Shah  
Mr. Bhaskar Rao (From 10.02.2018)  
Mr. C S Liew (From 10.02.2018)  
Mr. Chander Kumar Sabharwal  
Ms. Urvashi Shah  
Mr. Kantibhai Patel (Resigned on 10.02.2018)  
Mr. A L Radhakrishnan (w.e.f. 20.10.2017 to 10.02.2018)  
Mr. Manubhai Patel (w.e.f. 10.02.2018)  
Mr. Jayaraman Vishwanathan (Resigned on 08.11.2017)
- Relatives of Key Managerial Personnel (Employee) : Ms. Deval Soparkar  
Mr. Maulik Patel  
Mr. Kaushal Soparkar  
Ms. Taraben Patel

**NOTES TO THE FINANCIAL STATEMENTS****Note - 41****RELATED PARTIES DISCLOSURES :-**

(₹ in Lakhs)

Particulars	Subsidiary		Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		Key Managerial Personnel [KMP]		Relatives of Key Managerial Personnel		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Purchase of Goods	5,287.17	3,859.46	2,589.18	3,267.22	-	-	-	-	7,876.35	7,126.68
Sale of Goods	4,171.47	2,544.04	1,356.89	2,236.13	-	-	-	-	5,528.36	4,780.17
Impairment of Investment in Subsidiary	123.30	-	-	-	-	-	-	-	123.30	-
Availing of Services (*)	-	-	-	-	8.00	8.00	-	-	8.00	8.00
Availing of Services	-	-	160.40	146.09	-	-	-	-	160.40	146.09
Sitting Fees	-	-	-	-	13.00	13.00	-	-	13.00	13.00
Remuneration	-	-	-	-	1,396.24	455.40	12.90	48.61	1,409.14	504.01
Loans taken from Subsidiary	10,985.54	-	-	-	-	-	-	-	10,985.54	-
Investment in Subsidiary	10,986.54	-	-	-	-	-	-	-	10,986.54	-
Sale of MEIS Licences	155.04	-	-	-	-	-	-	-	155.04	-
Dividend Paid	-	-	-	-	374.15	-	29.44	-	403.59	-
Loan to Subsidiary Written off	-	413.42	-	-	-	-	-	-	-	413.42
Outstanding Balances Written off	4.29	-	-	-	-	-	-	-	4.29	-
Reimbursement of Expenses Receivable from Subsidiary	28.53	-	-	-	-	-	-	-	28.53	-
<b>Total</b>	<b>31,741.88</b>	<b>6,816.92</b>	<b>4,106.47</b>	<b>5,649.44</b>	<b>1,791.39</b>	<b>476.40</b>	<b>42.34</b>	<b>48.61</b>	<b>37,682.08</b>	<b>12,972.35</b>

\* Pertains to availing of services from a Non Executive Director.

## Outstanding Balances with Related Parties

(₹ in Lakhs)

Particulars	Subsidiary		Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		Key Managerial Personnel [KMP]		Relatives of Key Managerial Personnel		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Receivables	1,884.56	1,139.95	320.85	463.10	-	-	-	-	2,205.41	1,603.05
Payables	850.04	1,579.56	636.70	905.34	0.29	0.29	-	-	1,487.03	2,485.19
Remuneration Payable	-	-	-	-	618.86	14.41	0.81	3.06	619.47	17.47
Loan Payable to Subsidiary	10,985.54	-	-	-	-	-	-	-	10,985.54	-
Reimbursement of Expenses Receivable from Subsidiary	28.53	-	-	-	-	-	-	-	28.53	-
<b>Total</b>	<b>13,748.67</b>	<b>2,719.51</b>	<b>957.55</b>	<b>1,368.44</b>	<b>618.95</b>	<b>14.70</b>	<b>0.81</b>	<b>3.06</b>	<b>15,325.98</b>	<b>4,105.71</b>

## Terms and Conditions of transactions with Related Parties

- (1) The Company's transactions with related parties are at arm's length. Management believes that the company's domestic and international transactions with related parties post March 31, 2018 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. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
- (2) For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- (3) Adjustments in balance of investments, loan balance of Meghmani Agro Chemicals Private Limited represents Ind AS adjustment on interest free loan received from subsidiary company (Refer Note 21).

## Commitments with Related Parties

The Company has not provided any commitment to the related party as at March 31, 2018 (March 31, 2017: Rs.Nil). The Company has given Corporate Guarantee on behalf of its Subsidiary (Meghmani Finechem Limited), fair value of commission for such Corporate Guarantee Rs. 8.13 lakhs (31st March 2018 Rs. 8.13 lakhs) have been recorded as income for the year.

All the transactions pertaining to expenses entered with Meghmani Agro Chemicals Private Limited are adjusted against reimbursement of expenses. Hence, the net amount of reimbursement has been derived considering the transactions entered into between the parties during the year.

**Material Transactions with Related Parties**

(₹ in Lakhs)

Name of Related Parties	Sale of Goods / Services / MEIS Licences		Purchase of Goods / Services		Reimbursement of Expenses Receivable from Subsidiary		Outstanding Balances Written off	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Subsidiaries</b>								
Meghmani Organics USA Inc.	3,994.54	2,518.57						
Meghmani Finechem Limited	155.04	25.47	5,287.17	3,859.46	-	-	-	-
PT Meghmani Organics Indonesia			-	-	-	-	4.29	-
Meghmani Overseas FZE	176.93	-	-	-	-	-	-	-
Meghmani Agrochemicals Private Limited	-	-	-	-	28.53	-	-	-
	<b>4,326.51</b>	<b>2,544.04</b>	<b>5,287.17</b>	<b>3,859.46</b>	<b>28.53</b>	<b>-</b>	<b>4.29</b>	<b>-</b>
<b>Enterprises in which Directors &amp; Key Managerial Personnel [KMP] have significant influence</b>								
Meghmani Pigments	-	2.14	1,460.19	1,300.72	-	-	-	-
Ashish Chemicals	421.49	234.30	-	5.94	-	-	-	-
Meghmani Industries Limited	129.51	164.62	53.63	-	-	-	-	-
Meghmani Dyes & Intermediate LLP	89.13	76.11	0.44	15.87	-	-	-	-
Meghmani Chemicals Limited	15.44	63.80	6.29	1.94	-	-	-	-
Matangi Industries	-	-	33.63	79.79	-	-	-	-
Panchratna Corporation	-	-	160.40	144.15	-	-	-	-
Navratan Speciality Chemical LLP	8.44	97.97	1.81	3.58	-	-	-	-
Tapasheel Enterprise	5.39	1.46	-	0.08	-	-	-	-
Vidhi Global Chemicals Limited	687.25	1,595.74	777.53	1,405.18	-	-	-	-
Meghmani LLP	0.23	-	255.67	456.06	-	-	-	-
	<b>1356.88</b>	<b>2236.14</b>	<b>2749.59</b>	<b>3413.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Key Managerial Personnel</b>								
Jayanti Patel	-	-	-	-	-	-	-	-
Ashish Soparkar	-	-	-	-	-	-	-	-
Natwarlal Patel	-	-	-	-	-	-	-	-
Ramesh Patel	-	-	-	-	-	-	-	-
Anand Patel	-	-	-	-	-	-	-	-
Karana Patel	-	-	-	-	-	-	-	-
Ankit Patel	-	-	-	-	-	-	-	-
Darshan Patel	-	-	-	-	-	-	-	-
<b>Relatives of Key Managerial Personnel</b>								
Taraben Patel	-	-	-	-	-	-	-	-
Deval Soparkar	-	-	-	-	-	-	-	-
Maulik Patel	-	-	-	-	-	-	-	-
Kaushal Soparkar	-	-	-	-	-	-	-	-
<b>Non Executive Directors</b>								
Balkrishna T Thakkar	-	-	-	-	-	-	-	-
Chinubhai R Shah	-	-	-	-	-	-	-	-
Jayaraman Vishwanathan	-	-	-	-	-	-	-	-
Kantibhai H Patel	-	-	-	-	-	-	-	-
Chander Kumar Sabharwal	-	-	8.00	8.00	-	-	-	-
Ms. Urvashi Shah	-	-	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>8.00</b>	<b>8.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Material Transactions with Related Parties**

Name of Related Parties	Investment in Subsidiary		Loan Taken from Subsidiary		Remuneration		Sitting Fees	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Subsidiaries</b>								
Meghmani Organics USA Inc.	-	-	-	-	-	-	-	-
Meghmani Finechem Limited	-	-	-	-	-	-	-	-
PT Meghmani Organics Indonesia	-	-	-	-	-	-	-	-
Meghmani Overseas FZE	-	-	-	-	-	-	-	-
Meghmani Agrochemicals Private Limited	10,986.54	-	10,985.54	-	-	-	-	-
	<b>10,986.54</b>		<b>10,985.54</b>					
<b>Enterprises in which Directors &amp; Key Managerial Personnel [KMP] have significant influence</b>								
Meghmani Pigments	-	-	-	-	-	-	-	-
Ashish Chemicals	-	-	-	-	-	-	-	-
Meghmani Industries Limited	-	-	-	-	-	-	-	-
Meghmani Dyes & Intermediate LLP	-	-	-	-	-	-	-	-
Meghmani Chemicals Limited	-	-	-	-	-	-	-	-
Matangi Industries	-	-	-	-	-	-	-	-
Navratna Speciality Chemicals LLP	-	-	-	-	-	-	-	-
Panchratna Corporation	-	-	-	-	-	-	-	-
Tapsheel Enterprise	-	-	-	-	-	-	-	-
Vidhi Global Chemicals Limited	-	-	-	-	-	-	-	-
Meghmani Unichem	-	-	-	-	-	-	-	-
<b>Key Managerial Personnel</b>								
Jayanti Patel	-	-	-	-	317.79	92.28	-	-
Ashish Soparkar	-	-	-	-	317.67	92.28	-	-
Natwarlal Patel	-	-	-	-	317.67	92.28	-	-
Ramesh Patel	-	-	-	-	217.66	82.28	-	-
Anand Patel	-	-	-	-	167.28	77.28	-	-
Karan Patel	-	-	-	-	-	7.38	-	-
Ankit Patel	-	-	-	-	-	5.62	-	-
Darshan Patel	-	-	-	-	-	4.58	-	-
G.S Chahal	-	-	-	-	9.42	-	-	-
K D Mehta	-	-	-	-	22.08	19.00	-	-
R K Mehta	-	-	-	-	26.67	-	-	-
					<b>1,396.24</b>	<b>455.40</b>		
<b>Relatives of Key Managerial Personnel</b>								
Taraben Patel	-	-	-	-	-	-	-	-
Deval Soparkar	-	-	-	-	12.90	11.75	-	-
Maulik Patel	-	-	-	-	-	9.92	-	-
Kaushal Soparkar	-	-	-	-	-	9.36	-	-
					<b>12.90</b>	<b>48.61</b>		
<b>Independent Directors</b>								
Balkrishna T Thakkar	-	-	-	-	-	-	4.25	4.00
Chinubhai R Shah	-	-	-	-	-	-	4.25	4.00
Jayaraman Vishwanathan	-	-	-	-	-	-	1.00	1.00
Kantibhai H Patel	-	-	-	-	-	-	1.75	1.50
Chander Kumar Sabharwal	-	-	-	-	-	-	1.00	1.25
Ms. Urvashi Shah	-	-	-	-	-	-	0.75	1.25
							<b>13.00</b>	<b>13.00</b>

## Material Transactions with Related Parties

(₹ in Lakhs)

Name of Related Parties	Impairment of Investment Subsidiary		Loan to Subsidiary written off		Dividend Paid / (Received)		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Subsidiaries</b>								
Meghmani Organics USA Inc.	-	-	-	-	-	-	3,994.54	2,518.57
Meghmani Finechem Limited	-	-	-	-	-	-	5,442.21	3,884.93
PT Meghmani Organics Indonesia	123.30	-	-	413.42	-	-	127.59	413.42
Meghmani Overseas FZE	-	-	-	-	-	-	176.93	-
Meghmani Agrochemicals Private Limited	-	-	-	-	-	-	22,000.61	-
	123.30	-	-	413.42	-	-	31,741.88	6,816.92
<b>Enterprises in which Directors &amp; Key Managerial Personnel [KMP] have significant influence</b>								
Meghmani Pigments	-	-	-	-	-	-	1,460.19	1,302.86
Ashish Chemicals	-	-	-	-	-	-	421.49	240.24
Meghmani Industries Limited	-	-	-	-	-	-	183.14	164.62
Meghmani Dyes & Intermediate LLP	-	-	-	-	-	-	89.57	91.98
Meghmani Chemicals Limited	-	-	-	-	-	-	21.73	65.74
Matangi Industries	-	-	-	-	-	-	33.63	79.79
Navratna Speciality Chemicals LLP	-	-	-	-	-	-	10.25	101.55
Panchratna Corporation	-	-	-	-	-	-	160.40	144.15
Tapasheel Enterprise	-	-	-	-	-	-	5.39	1.54
Vidhi Global Chemicals Limited	-	-	-	-	-	-	1,464.78	3,000.92
Meghmani Unichem	-	-	-	-	-	-	255.90	456.06
	-	-	-	-	-	-	4,106.47	5,649.45
<b>Key Managerial Personnel</b>								
Jayanti Patel	-	-	-	-	-	-	392.03	92.28
Ashish Soparkar	-	-	-	-	-	-	416.52	92.28
Natwarlal Patel	-	-	-	-	-	-	420.52	92.28
Ramesh Patel	-	-	-	-	-	-	283.35	82.28
Anand Patel	-	-	-	-	-	-	199.80	77.28
G.S Chahal	-	-	-	-	-	-	9.42	-
K D Mehta	-	-	-	-	-	-	22.08	19.00
R K Mehta	-	-	-	-	-	-	26.67	-
	-	-	-	-	-	-	374.15	455.40
<b>Relatives of Key Managerial Personnel</b>								
Taraben Patel	-	-	-	-	-	-	29.44	-
Deval Soparkar	-	-	-	-	-	-	12.90	11.75
Maulik Patel	-	-	-	-	-	-	-	9.92
Kaushal Soparkar	-	-	-	-	-	-	-	9.36
Karan Patel	-	-	-	-	-	-	-	7.38
Ankit Patel	-	-	-	-	-	-	-	5.62
Darshan Patel	-	-	-	-	-	-	-	4.58
	-	-	-	-	-	-	29.44	48.61
<b>Independent Directors</b>								
Balkrishna T Thakkar	-	-	-	-	-	-	4.25	4.00
Chinubhai R Shah	-	-	-	-	-	-	4.25	4.00
Jayaraman Vishwanathan	-	-	-	-	-	-	1.00	1.00
Kantibhai H Patel	-	-	-	-	-	-	1.75	1.50
Chander Kumar Sabharwal	-	-	-	-	-	-	9.00	9.25
Ms. Urvashi Shah	-	-	-	-	-	-	0.75	1.25
	-	-	-	-	-	-	21.00	21.00

## NOTES TO THE FINANCIAL STATEMENTS

### Related Party Disclosure Outstanding Balances

( ₹ in Lakhs)

PARTICULARS	31.3.2018	31.03.2017
<b>Payable</b>		
Chander Kumar Sabharwal		0.29
Matangi Industries		15.46
Meghmani Chemicals Limited	10.40	4.12
Meghmani Dyes & Intermediate LLP	0.44	19.74
Meghmani Finechem Ltd.	850.04	1583.84
Meghmani Industries Ltd.	51.08	0.14
Meghmani LLP	68.93	186.42
Meghmani Pigments	503.91	445.33
Navratan Speciality Chemical LLP	1.95	1.59
Panchratna Corporation		11.39
Pt Meghmani Organics Indonesia		(4.29)
Vidhi Global Chemicals Limited		221.16
<b>Receivables</b>		
Ashish Chemicals EOU Unit - II	150.33	0.01
Meghmani Chemicals Limited	35.61	42.71
Meghmani Dyes & Intermediate LLP	11.29	1.02
Meghmani Dyes & Intermediate Ltd.		2.39
Meghmani Industries Ltd - SEZ Unit		100.45
Meghmani Industries Ltd.	109.74	(35.49)
Meghmani LLP	0.23	-
Meghmani Organics Usa Inc	1884.56	1139.95
Navratan Speciality Chemical LLP	5.14	4.02
Tapasheel Enterprise	2.91	-
Vidhi Global Chemicals Limited	5.61	348.00
<b>Loan Payable to Subsidiary</b>		
Meghmani Agrochemicals Private Ltd.	10985.54	-
<b>Reimbursement of Expenses Receivable from Subsidiary</b>		
Meghmani Agrochemicals Private Ltd.	28.53	-
<b>Remuneration Payable</b>		
Mr. Jayanti Patel	152.71	-
Mr. Ashish Soparkar	152.71	-
Mr. Natwarlal Patel	150.11	-
Mr. Ramesh Patel	92.71	-
Mr. Anand Patel	62.71	-
Mr. G S Chahal	2.81	-
Mr. K D Mehta	4.90	-
Ms. Deval Soparkar	0.81	-

**NOTES TO THE FINANCIAL STATEMENTS****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 is as follows:

31st March 2018	Carrying amount		Total	Fair value		
	Fair value through Profit and Loss	Fair value through Other Comprehensive Income		Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Non-Current Investments	-	57.41	57.41	-	57.41	-
Other Non-Current Financial Asset *	-	-	607.22	-	607.22	-
<b>Total Financial Assets</b>	-	57.41	607.22	-	664.63	-
<b>Financial Liabilities</b>						
Non-Current Borrowings *	-	-	21,741.23	-	21,741.23	-
<b>Total Financial Liabilities</b>	-	-	21,741.23	-	21,741.23	-

31st March 2017	Carrying amount		Total	Fair value		
	Fair value through Profit and Loss	Fair value through Other Comprehensive Income		Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Non-Current Investments	-	58.43	58.43	-	58.43	-
Other Non-Current Financial Asset *	-	-	496.29	-	496.29	-
<b>Total Financial Assets</b>	-	58.43	496.29	-	554.72	-
<b>Financial Liabilities</b>						
Non-Current Borrowings *	-	-	7,698.11	-	7,698.11	-
<b>Total Financial Liabilities</b>	-	-	7,698.11	-	7,698.11	-

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.



## **NOTES TO THE FINANCIAL STATEMENTS**

### **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 Assets or Liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- (iii) Level 3: inputs for the Assets or Liabilities 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 throughout 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 counter parties 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.

**NOTES TO THE FINANCIAL STATEMENTS**

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 are as follows:

( ₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Domestic	12,146.94	13,979.51
Other Regions	18,136.72	15,797.12
<b>Total</b>	<b>30,283.66</b>	<b>29,776.63</b>

**Age of Receivables**

( ₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Neither due nor impaired	18,434.97	18,714.84
Past due 1–90 days	6,495.03	6,730.95
Past due 91–180 days	2,618.74	1,784.59
More than 180 days	2,734.92	2,546.25
<b>Total</b>	<b>30,283.66</b>	<b>29,776.63</b>

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 the amount of provision of Rs. 226.72 lakhs (March 31, 2017: NIL) is appropriate.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

### Exposure to Currency Risk

The currency profile of Financial Assets and Financial Liabilities as at March 31, 2018 and 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

PARTICULARS	31 <sup>st</sup> March 2018 Total	31 <sup>st</sup> March 2018 USD	31 <sup>st</sup> March 2018 EURO	31 <sup>st</sup> March 2018 RUPEES
<b>Financial Assets</b>				
Trade and Other Receivables	30,283.66	13,727.13	4,243.16	12,313.37
Less - Forward Contract For Selling Foreign Currency	(14,227.60)	(10,590.94)	(3,636.66)	-
<b>Total</b>	<b>16,056.06</b>	<b>3,136.19</b>	<b>606.50</b>	<b>12,313.37</b>
<b>Financial Liabilities</b>				
Short Term Borrowings	15,792.02	1,955.25	-	13,836.77
Trade and Other Payables	17,018.70	1,163.64	27.63	15,827.43
<b>Total</b>	<b>32,810.72</b>	<b>3,118.89</b>	<b>27.63</b>	<b>29,664.20</b>

PARTICULARS	31 <sup>st</sup> March 2017 Total	31 <sup>st</sup> March 2017 USD	31 <sup>st</sup> March 2017 EURO	31 <sup>st</sup> March 2017 RUPEES
<b>Financial Assets</b>				
Trade and Other Receivables	29,776.63	14,670.48	785.21	14,320.94
Less - Forward Contract For Selling Foreign Currency	(2,431.88)	(2,431.88)		-
<b>Total</b>	<b>27,344.75</b>	<b>12,238.60</b>	<b>785.21</b>	<b>14,320.94</b>
<b>Financial Liabilities</b>				
Short Term Borrowings	23,460.17	1,130.81	-	22,329.36
Trade and Other Payables	15,473.27	811.67	41.46	14,620.14
Less - Forward Contract For Buying Foreign Currency	(158.06)	(158.06)		-
<b>Total</b>	<b>38,775.38</b>	<b>1,784.42</b>	<b>41.46</b>	<b>36,949.50</b>

### Sensitivity analysis

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

Effect in ( ₹ in Lakhs)	Profit or (Loss)		Equity, Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March 2018</b>				
<b>3% movement</b>				
USD	0.52	(0.52)	0.34	(0.34)
EUR	17.37	(17.37)	11.36	(11.36)

Effect in ( ₹ in Lakhs)	Profit or (Loss)		Equity, Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March 2017</b>				
<b>3% movement</b>				
USD	313.63	(313.63)	205.09	(205.09)
EUR	22.31	(22.31)	14.59	(14.59)

**NOTES TO THE FINANCIAL STATEMENTS****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 a balanced portfolio of fixed and variable rate loans and borrowings.

**Exposure to Interest Rate Risk**

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

Variable-Rate Instruments	(₹ in Lakhs)	
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Non Current - Borrowings	21,741.23	7,698.11
Current portion of Long Term Borrowings	4,606.02	2,611.06
<b>Total</b>	<b>26,347.25</b>	<b>10,309.17</b>

**Cash Flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) Equity and Profit or Loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or (Loss)		Equity, Net of Tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31st March 2018</b>				
Non Current - Borrowings	(217.41)	217.41	(142.17)	142.17
Current portion of Long Term Borrowings	(46.06)	46.06	(30.12)	30.12
<b>Total</b>	<b>(263.47)</b>	<b>263.47</b>	<b>(172.29)</b>	<b>172.29</b>
<b>31st March 2017</b>				
Non Current - Borrowings	(76.98)	76.98	(50.34)	50.34
Current portion of Long Term Borrowings	(26.11)	26.11	(17.07)	17.07
<b>Total</b>	<b>(103.09)</b>	<b>103.09</b>	<b>(67.41)</b>	<b>67.41</b>

**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.

## NOTES TO THE FINANCIAL STATEMENTS

( ₹ in Lakhs)

31 <sup>st</sup> March, 2018	Contractual Cash Flows					
	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 years
Non-Derivative Financial Liabilities						
Rupee Term Loans from Banks						
HDFC Bank Limited	1,800.00	1,800.00	600.00	600.00	600.00	-
SBI Bank Limited	5,847.26	5,847.26	1,972.26	2,050.00	1,825.00	-
ICICI Bank Limited	10,000.00	10,000.00	1,250.00	2,500.00	6,250.00	
AXIS Bank Limited	8,700.00	8,700.00	725.00	1,450.00	6,525.00	
<b>Total</b>	<b>26,347.26</b>	<b>26,347.26</b>	<b>4,547.26</b>	<b>6,600.00</b>	<b>15,200.00</b>	<b>-</b>
Working Capital Loans from Banks	15,792.02	15,792.02	15,792.02	-	-	-
Trade and Other Payables	17,018.70	17,018.70	17,018.70	-	-	-

( ₹ in Lakhs)

31 <sup>st</sup> March, 2017	Contractual Cash Flows					
	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 years
Non-Derivative Financial Liabilities						
Rupee Term Loans from Banks						
HDFC Bank Limited	2,400.00	2,400.00	600.00	600.00	1,200.00	-
SBI Bank Limited	7,909.17	7,909.17	1,984.17	2,050.00	3,875.00	-
<b>Total</b>	<b>10,309.17</b>	<b>10,309.17</b>	<b>2,584.17</b>	<b>2,650.00</b>	<b>5,075.00</b>	<b>-</b>
Working Capital Loans from Banks	23,460.17	23,460.17	23,460.17	-	-	-
Trade and Other Payables	15,473.27	15,473.27	15,473.27	-	-	-

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

**NOTES TO THE FINANCIAL STATEMENTS****43 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 and obligations under Finance Leases, less Cash and Cash Equivalents. Adjusted Equity Comprises all components of Equity.

PARTICULARS	(₹ in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Total Interest bearing liabilities	42,139.27	33,769.34
Less : Cash and cash equivalent	122.51	105.33
Adjusted net debt	42,016.76	33,664.01
Total equity	69,769.83	63,291.00
<b>Adjusted equity</b>	<b>69,769.83</b>	<b>63,291.00</b>
Adjusted net debt to adjusted equity ratio	0.60	0.53

**44. EVENTS OCCURRED AFTER REPORTING DATE**

During the current year, the Company has incorporated a new wholly owned subsidiary named 'Meghmani AgroChemicals Private Ltd.' (MACPL) whereby the Company has invested Rs. 1.00 Lakhs as initial capital and subsequently invested Rs. 10,986.54 Lakhs by subscribing additional 1,46,47,392 shares. The Board of Directors of the Company approved share sale in their meeting held on August 8, 2017. Further, the Company entered into a Share Purchase Agreement (SPA) with MACPL on October 1, 2017 for sale of 16,900,835 (23.88%) shares of Meghmani Finechem Limited (MFL) to MACPL. The shares were sold at a value of Rs. 65 per share derived as per the book value computation prescribed under Rule 11UA of the Income-Tax Rules. The SPA gives right to Company to purchase the shares at same value and right to revoke the transaction within 12 months. Also as per terms of SPA, Company retains the risk and rewards of the underlying investment for a period of 12 months from entering into the agreement.

Since as per MOU, the Company has retained substantially all the risk and rewards on shares of MFL and is exposed to all the economic risks and rewards as if the transfer had never taken place, the Company has continued to recognise the investment in MFL its books, and the consideration received from MACPL on sale of shares is considered as a loan.

The share of MFL are physically transferred in the name of MACPL and regulatory filing for the same has been made by MFL. The Company has obtained legal opinion which states that above mentioned accounting treatment not under the purview of Companies Act 2013, considering which Company is not required to comply with any sections of Companies Act, 2013 and accordingly MACPL has not charged interest from the Company.

Subsequent to the year end, the Company has further invested Rs. 22,119.66 Lakhs in Redeemable Preference Share Capital of MACPL. MACPL on hand acquired 24.97% stake of International Financial Corporation (IFC) in MFL, thereby giving IFC an exit from MFL.

**NOTES TO THE FINANCIAL STATEMENTS**

45. 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.

	Amount before reclassification	Adjustment	Amount after reclassification
<b>Non-Current Assets</b>			
(g) Income Tax Assets (Net)	-	(1,734.86)	1,734.86
(h) Other Non-Current Assets	199.31	(625.41)	824.72
<b>Current Assets</b>			
(b) Financial Assets			
(iv) Loans	-	(22.02)	22.02
(v) Other Financial Assets	5,787.32	82.24	5,705.08
(c) Current Tax Assets (Net)	1,733.25	1,733.25	-
(c) Other Current Assets	6,785.70	494.24	6,291.46
<b>TOTAL ASSETS</b>		<b>(72.56)</b>	
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(ii) Trade Payables	15,515.15	41.88	15,473.27
(iii) Other Financial Liabilities	4,569.48	(41.88)	4,611.36
(b) Other Current Liabilities	879.82	(70.95)	950.77
(d) Current Tax Liabilities (Net)	543.83	(1.61)	545.44
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>(72.56)</b>	

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

Membership No : 101974

**G S Chahal**

Chief Financial Officer

**K. D. Mehta**

Company Secretary

Place : Ahmedabad

Date : 26<sup>th</sup> May 2018

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

**Meghmani Organics Limited**

**(CIN NO-24110GJ1995PLC024052)**

**J.M.Patel - Executive Chairman (DIN - 00027224)**

**A.N.Soparkar - Managing Director (DIN - 00027480)**

**N.M.Patel - Managing Director (DIN - 00027540)**

Place : Ahmedabad

Date : 26<sup>th</sup> May 2018

# CONSOLIDATED ACCOUNTS



## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF**

**MEGHMANI ORGANICS LIMITED**

### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of Meghmani Organics Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement, the consolidated 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 "consolidated Ind AS financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group 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 Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the 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 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the

**INDEPENDENT AUDITOR'S REPORT**

aforesaid consolidated 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 consolidated state of affairs of the Group, as at March 31, 2018, their consolidated profit including other comprehensive income and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

**Other Matter**

The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, included in these consolidated Ind AS financial statements, were audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 22, 2017.

We did not audit the financial statements and other financial information, in respect of four subsidiaries whose Ind AS financial statements include total assets of Rs 13,554.90 lakhs and net assets of Rs 12,159.04 lakhs as at March 31, 2018, and total revenues of Rs 5,518.34 lakhs and net cash outflows/(inflows) of Rs 295.68 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports, we have relied upon, 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 of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account mentioned for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

**INDEPENDENT AUDITOR'S REPORT**

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure" to this report;
- (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 and based on the consideration of the report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group— Refer Note 40 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018; and.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India during the year ended March 31, 2018.

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

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

**Place of Signature: Ahmedabad**  
**Date: May 26, 2018.**

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF MEGHMANI ORGANICS LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Meghmani Organics Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting with reference to the consolidated Ind AS financial statements of Meghmani Organics Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective 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 Holding company's internal financial controls over financial reporting with reference to the consolidated 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 the consolidated 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 the consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to the consolidated Ind AS financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to the consolidated Ind AS financial statements, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to the consolidated Ind AS financial statements.

#### Meaning of Internal Financial Controls over Financial Reporting with reference to the consolidated Ind AS financial statements

A company's internal financial control over financial reporting with reference to the consolidated 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 the consolidated 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 the consolidated Ind AS financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to the consolidated 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 the consolidated 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 Holding Company and its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls over financial reporting with reference to the consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to the consolidated Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding 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.

**Other Matters**

Our report under Section 143(3)(I) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to the consolidated Ind AS financial statements of the Holding Company, insofar as it relates to one subsidiary company which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary company incorporated in India.

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

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

**Place of Signature: Ahmedabad**  
**Date: May 26, 2018.**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018**

PARTICULARS	Note No.	( ₹ in Lakhs)	
		31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	3.1	77,933.48	76,885.05
(b) Capital Work-in-Progress	3.2	7,469.51	965.85
(c) Intangible Assets	3.3	1,555.40	928.62
(d) Intangible Assets under development	3.2	2,871.85	944.68
(e) Financial Assets			
(i) Investments	4	57.41	58.53
(ii) Other Financial Assets	5	1,078.06	1,034.85
(f) Deferred Tax Assets	21	751.78	522.23
(g) Income Tax Assets	6	1,051.77	1,835.04
(h) Other Non-Current Assets	7	5,155.36	1,322.77
<b>Total Non-Current Assets</b>		<b>97,924.62</b>	<b>84,497.62</b>
<b>Current Assets</b>			
(a) Inventories	8	26,773.92	24,168.07
(b) Financial Assets			
(i) Investments	9	7,141.81	2,852.70
(ii) Trade Receivables	10	37,450.16	33,091.02
(iii) Cash and Cash Equivalents	11	425.50	206.10
(iv) Bank Balances other than (iii) above	12	566.72	813.37
(v) Loans	13	37.82	28.49
(vi) Other Financial Assets	14	3,251.04	5,767.72
(c) Other Current Assets	15	8,269.71	7,104.10
<b>Total Current Assets</b>		<b>83,916.68</b>	<b>74,031.57</b>
<b>TOTAL ASSETS</b>		<b>1,81,841.30</b>	<b>1,58,529.19</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	16	2,543.14	2,543.14
(b) Other Equity	17	84,510.52	69,302.30
<b>Equity attributable to Owners</b>		<b>87,053.66</b>	<b>71,845.44</b>
Non-controlling Interests		22,136.75	15,474.01
<b>Total Equity</b>		<b>1,09,190.41</b>	<b>87,319.45</b>
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	21,831.23	12,170.99
(ii) Other Financial Liabilities	19	-	15.55
(b) Provisions	20	523.37	438.81
(c) Deferred Tax Liabilities	21	5,055.14	3,373.65
<b>Total Non-Current Liabilities</b>		<b>27,409.74</b>	<b>15,999.00</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	22	8,141.79	24,961.21
(ii) Trade Payables	23	19,506.15	16,304.31
(iii) Other Financial Liabilities	24	15,136.15	11,963.51
(b) Other Current Liabilities	25	1,037.24	1,386.00
(c) Provisions	26	9.01	11.09
(d) Current Tax Liabilities	27	1,410.81	584.62
<b>Total Current Liabilities</b>		<b>45,241.15</b>	<b>55,210.74</b>
<b>Total Liabilities</b>		<b>72,650.89</b>	<b>71,209.74</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,81,841.30</b>	<b>1,58,529.19</b>
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  
Membership No : 101974

G S Chahal  
Chief Financial Officer

K. D. Mehta  
Company Secretary

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

**For and on behalf of the Board of Directors of  
Meghmani Organics Limited  
(CIN NO-24110GJ1995PLC024052)**

J.M.Patel - Executive Chairman (DIN - 00027224)  
A.N.Soparkar - Managing Director (DIN - 00027480)  
N.M.Patel - Managing Director (DIN - 00027540)

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

PARTICULARS	Note No.	( ₹ in Lakhs)	
		31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
I Revenue From Operations	28	1,84,317.01	1,54,292.80
II Other Income	29	3,032.67	1,241.73
<b>III Total Income (I+II)</b>		<b>1,87,349.68</b>	<b>1,55,534.53</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	30	88,524.48	70,009.71
Purchase of Stock-in-Trade		3,114.92	2,929.09
Changes in Inventories of Finished Goods, Work-in- Progress and Stock-in-Trade	31	(607.87)	6,457.67
Employee Benefit Expenses	32	9,980.94	6,479.36
Finance Costs	33	3,987.14	5,088.83
Depreciation and Amortization Expense	3	9,477.26	9,072.37
Excise Duty on Sales		3,984.61	12,333.99
Other Expenses	34	36,204.21	27,206.26
<b>Total Expenses (IV)</b>		<b>1,54,665.69</b>	<b>1,39,577.28</b>
<b>V Profit Before Exceptional Items &amp; Tax (III-IV)</b>		<b>32,683.99</b>	<b>15,957.25</b>
VI Exceptional Items	35	112.52	381.06
<b>VII Profit Before Tax (V-VI)</b>		<b>32,571.47</b>	<b>15,576.19</b>
<b>VIII Tax Expenses</b>	21		
1 Current Tax		7,222.60	3,976.93
2 Deferred Tax		2,746.97	(72.45)
3 Adjustment of Tax Relating to Earlier Years		113.54	50.76
Less - Tax Credit Entitlement (MAT)		(1,304.35)	-
<b>IX. Profit For The Year</b>		<b>23,792.71</b>	<b>11,620.95</b>
<b>X. Other Comprehensive Income</b>	36		
A (i) Items that will not be reclassified to Profit or Loss - Remeasurement of Net Defined Benefit Obligations		23.35	(51.67)
(ii) Income Tax (Expense) / Benefit relating to items that will not be reclassified to Profit or Loss		(8.16)	17.88
B (i) Items that will be reclassified to Profit or Loss		3.36	-
(ii) Income Tax (Expense) / Benefit relating to items that will be reclassified to Profit or Loss "		(1.17)	-
<b>Total Other Comprehensive Income For The Year (X)</b>		<b>17.38</b>	<b>(33.79)</b>
<b>XI. Total Comprehensive Income For The Year (IX + X)</b>		<b>23,810.09</b>	<b>11,587.16</b>
Profit For the Year Attributable to:			
Owners		17,132.18	8,770.38
Non-Controlling Interests		6,660.53	2,850.57
Total Comprehensive Income For the Year Attributable to:			
Owners		17,147.34	8,742.64
Non-Controlling Interests		6,662.75	2,844.52
<b>XII. Earnings Per Equity Share (Nominal Value Per Share - Re 1 Each, 31<sup>st</sup> March 2017 : Re 1 Each)</b>	37		
Basic and Diluted		6.74	3.45
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  
Membership No : 101974

G S Chahal  
Chief Financial Officer

K. D. Mehta  
Company Secretary

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

**For and on behalf of the Board of Directors of  
Meghmani Organics Limited  
(CIN NO-24110GJ1995PLC024052)**

**J.M.Patel - Executive Chairman (DIN - 00027224)  
A.N.Soparkar - Managing Director (DIN - 00027480)  
N.M.Patel - Managing Director (DIN - 00027540)**

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018



**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

PARTICULARS	( ₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Taxation	32,571.47	15,576.19
<b>Adjustment for :</b>		
Depreciation and Amortisation Expenses	9,477.26	9,072.37
Unrealised Foreign Exchange (Gain)/Loss	(1,076.62)	965.35
Currency Translation Reserve	3.36	-
Mark to Market Loss on Derivative (Gain)/Loss	145.81	(128.43)
Liability no longer Required written back	(99.65)	(231.28)
Dividend Income	(1.54)	-
Interest and Finance Charges	3,987.14	5,088.83
Interest Income	(437.69)	(309.51)
Bad Debts Written off	780.25	72.98
Provision for Bad Debt	247.62	-
Investment Written off	0.82	-
Exceptional Item - Loss Due to Fire	111.70	381.06
Sundry Balance Written off	262.38	20.81
Profit on Sale of Investment	(371.69)	(52.70)
Loss on Sale of Fixed Assets (Net)	44.82	5.34
License and Certification Fees	231.58	-
<b>Operating Profit Before Working Capital Changes</b>	<b>45,877.02</b>	<b>30,461.01</b>
<b>Adjustments for:</b>		
(Increase)/Decrease in Inventories	(2,605.85)	6,852.04
(Increase)/Decrease in Trade Receivables	(4,900.07)	(1,066.14)
(Increase)/Decrease in Short Term Loans and Advances	(9.33)	(3.26)
(Increase)/Decrease in Other Current Financial Assets	2,012.22	(3,745.43)
(Increase)/Decrease in Other Current Assets	(1,163.67)	(1,880.77)
(Increase)/Decrease in Other Non-Current Financial Assets	(57.12)	(83.91)
(Increase)/Decrease in Other Non-Current Assets	421.79	101.83
Increase/(Decrease) in Trade Payables	4,151.65	(1,915.82)
Increase/(Decrease) in Other Current Financial Liabilities	2,732.03	871.03
Increase/(Decrease) in Other Current Liabilities	(348.76)	(337.21)
Increase/(Decrease) in Provisions	105.83	(10.53)
<b>Working Capital Changes</b>	<b>338.72</b>	<b>(1,218.17)</b>
<b>Cash Generated from Operations</b>	<b>46,215.74</b>	<b>29,242.84</b>
Direct Taxes Paid (Net)	(5,726.68)	(3,359.47)
<b>Net Cash from Operating Activities</b>	<b>40,489.06</b>	<b>25,883.37</b>
<b>B. Cash Flow from Investment Activities</b>		
Purchase of Fixed Property, Plant & Equipment	(24,562.10)	(7,097.55)
Fixed Deposits made	(2,219.56)	-
Fixed Deposits redeemed	2,400.00	-
Interest Received	432.20	259.92
Dividend Received	1.54	-
Proceeds from Sale of Investments	2.03	-
Investment in Mutual Fund (Net)	(3,919.15)	(2,800.00)
Proceeds from Sale of Tangible Assets	414.88	47.94
<b>Net Cash (Used in) Investing Activities</b>	<b>(27,450.16)</b>	<b>(9,589.69)</b>



**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

PARTICULARS	( ₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>C. Cash Flow from Financing Activities</b>		
Dividend & Interim Dividend paid	(1,018.17)	-
Dividend Distribution Tax Paid	(207.09)	-
Interest and Finance Charges Paid	(4,063.61)	(5,113.06)
Proceeds from Short Term Borrowings	(7,319.42)	(1,846.54)
Proceeds from Other Borrowing	55,500.00	30,000.00
Repayment of Other Borrowing	(65,000.00)	(29,977.00)
Proceeds from Bank Borrowing (Term Loan)	18,700.00	-
Repayment of Bank Borrowing (Term Loan)	(9,414.57)	(9,425.12)
<b>Net Cash (Used in) Financing Activities</b>	<b>(12,822.86)</b>	<b>(16,361.72)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>216.04</b>	<b>(68.04)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>206.10</b>	<b>271.35</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>422.14</b>	<b>203.31</b>
<b>Reconciliation of Cash and Cash Equivalent</b>		
<b>Total Cash &amp; Bank Balance as per Balance Sheet</b>	<b>425.50</b>	<b>206.10</b>
<b>Less - Fixed Deposit with Bank not Consider as Cash &amp; Cash Equivalent</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents</b>	<b>425.50</b>	<b>206.10</b>
<b>Cash and Cash Equivalent Comprises as under :</b>		
Balance with Banks in Current Accounts	411.18	196.11
Fixed Deposit with Bank	-	-
Cash on Hand	14.32	9.98
<b>Cash and Cash Equivalents</b>	<b>425.50</b>	<b>206.09</b>
<b>Net effect of Unrealised Exchange Difference</b>	<b>(3.36)</b>	<b>(2.78)</b>
<b>Cash &amp; Cash Equivalent at the end of the year (Refer Note 11)</b>	<b>422.14</b>	<b>203.31</b>

**Notes to the Cash Flow statement for the year ended on 31.03.2018**

The Cash flow statement has been prepared under the Indirect Method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows 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

Membership No : 101974

**G S Chahal**

Chief Financial Officer

**K. D. Mehta**  
Company Secretary

**For and on behalf of the Board of Directors of  
Meghmani Organics Limited  
(CIN NO-24110GJ1995PLC024052)**

**J.M.Patel - Executive Chairman (DIN - 00027224)**

**A.N.Soparkar - Managing Director (DIN - 00027480)**

**N.M.Patel - Managing Director (DIN - 00027540)**

Place : Ahmedabad

Date : 26<sup>th</sup> May 2018

Place : Ahmedabad

Date : 26<sup>th</sup> May 2018

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018****(a) Equity Share Capital**

( ₹ in Lakhs)

Particulars	Note	Amount
Issued, Subscribed and fully paid equity shares of Re.1 each		
<b>Balance as at March 31, 2016</b>		<b>2,543.14</b>
Changes during the year	16	-
<b>Balance as at March 31, 2017</b>		<b>2,543.14</b>
Changes during the year	16	-
<b>Balance as at March 31, 2018</b>		<b>2,543.14</b>

**(b) Other Equity**

Particulars	Other Equity										Total other Equity
	Note 17	Note 17	Note 17	Note 17	Note 17	Note 17	Note 17	Note 17	Note 17	Note 17	
	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	CashFlow Hedge Reserve	Total	Non-controlling Interests		
<b>Balance at April 1, 2016</b>	35.18	15,650.48	184.33	8,955.58	35,040.72	741.30	(26.72)	60,580.87	12,629.50		73,210.37
Profit for the year	-	-	-	-	8,770.38	-	-	8,770.38	-		8,770.38
Other Comprehensive Income for the year	-	-	-	-	(27.73)	-	-	(27.73)	-		(27.73)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>8,742.65</b>	-	-	<b>8,742.65</b>	-		<b>8,742.65</b>
Currency Translation Reserve Addition during the year to NCI	-	-	-	-	-	(26.28)	5.06	(21.22)	-		(21.22)
							-	-	2,844.51		2,844.51
<b>Balance As at 31st March 2017</b>	<b>35.18</b>	<b>15,650.48</b>	<b>184.33</b>	<b>8,955.58</b>	<b>43,783.37</b>	<b>715.02</b>	<b>(21.66)</b>	<b>69,302.30</b>	<b>15,474.01</b>		<b>84,776.31</b>
Profit for the year	-	-	-	-	17,132.18	-	-	17,132.18	-		17,132.18
Receivable balances written off in standalone and now accounted for Consolidation	-	-	-	-	39.35	-	-	39.35	-		39.35
Transfer to General Reserve	-	-	-	800.00	(800.00)	-	-	-	-		-
Other Comprehensive Income for the year	-	-	-	-	15.17	-	-	15.17	-		15.17
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>800.00</b>	<b>16,386.70</b>	-	-	<b>17,186.70</b>	-		<b>17,186.70</b>
Dividend Paid	-	-	-	-	(1,017.26)	-	-	(1,017.26)	-		(1,017.26)
Dividend Distribution Tax Paid	-	-	-	-	(207.09)	-	-	(207.09)	-		(207.09)
Addition during the year to NCI	-	-	-	-	-	(775.79)	-	-	6,662.74		6,662.74
Foreign Currency Translation Reserve	-	-	-	-	-		21.66	(754.13)	-		(754.13)
<b>Balance at March 31, 2018</b>	<b>35.18</b>	<b>15,650.48</b>	<b>184.33</b>	<b>9,755.58</b>	<b>58,945.72</b>	<b>(60.77)</b>	-	<b>84,510.52</b>	<b>22,136.75</b>		<b>1,06,647.27</b>

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  
Membership No : 101974

G S Chahal  
Chief Financial Officer  
K. D. Mehta  
Company Secretary

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

For and on behalf of the Board of Directors of  
Meghmani Organics Limited  
(CIN NO-24110GJ1995PLC024052)

J.M.Patel - Executive Chairman (DIN - 00027224)  
A.N.Soparkar - Managing Director (DIN - 00027480)  
N.M.Patel - Managing Director (DIN - 00027540)

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

### **1. CORPORATE INFORMATION**

The Consolidated Financial Statements comprise financial statements of Meghmani Organics Limited (the Company) and its subsidiaries (collectively, the Group) for the year ended 31st March 2018. Meghmani Organics Limited (the Company) is a public company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 1956. Its shares are listed on National Stock Exchange and Bombay Stock Exchange in India and on Singapore Exchange. The registered office of the Company is located at Plot No 184 Phase II GIDC, Vatva Ahmedabad- 382 445, Gujarat India. The Group is engaged in manufacturing and selling of Pigment, Agrochemical and Basic Chemical Products. Information on the Group's structure is provided in Note 44.

The Financial Statements were authorized for issue in accordance with a resolution of the directors on May 26, 2018.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Basis for Preparation of Accounts**

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IndAS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The Consolidated 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 Consolidated Financial Statements are presented in Rupee (Rs. / ₹) which is also the Group'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 Group's Consolidated 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 Group based its assumptions and estimates on parameters available when the Consolidated 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 Group. 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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

employee departures and periods of service. Refer Note 39 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. 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.

#### **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 expenses 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 accompanying notes for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 3.3.

#### **Impairment of Non-Financial Assets**

The Group 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 Group 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 Basis of consolidation**

The Consolidated Financial Statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, Liabilities, Income and Expenses of a Subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the Subsidiary. The proportion of ownership interest in each Subsidiary of the parent is as follows:

<b>Name of the Subsidiaries</b>	<b>Country of domicile</b>	<b>Proportion of ownership interest</b>
Meghmani Finechem Limited	India	57%
Meghmani Agrochemicals Pvt. Ltd.	India	100%
Meghmani Organics USA Inc.	USA	100%
PT Meghmani Organics Indonesia	Indonesia	100%
Meghmani Overseas FZE	Dubai	100%

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's Financial Statements in preparing the Consolidated Financial

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

Statements to ensure conformity with the group's accounting policies. The Financial Statements of all entities of the Group (including parent) used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March 2018.

### **Consolidation procedure:**

- (a) Combine like items of Assets, Liabilities, Equity, Income, Expenses and Cash Flows of the parent with those of its Subsidiaries.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each Subsidiary and the parent's portion of equity of each Subsidiary.
- (c) Eliminate in full Intragroup Assets and Liabilities, Equity, Income, Expenses and Cash Flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of Subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group Assets and Liabilities, Equity, Income, Expenses and Cash Flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control over a Subsidiary, it derecognises the Assets and Liabilities of the Subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the form of Subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the Statement of Profit and Loss.

### **2.4 Summary of Significant Accounting Policies**

#### **a. Current Vs. Non-Current classification:**

The Group 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 Group has identified twelve months as its operating cycle.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

#### **b. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group 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 Ind AS 18 "Revenue", 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 as 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) is 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) Sale of Goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, 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) Interest Income**

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 Group 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 or Loss

##### **3) Export Incentives**

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 Other Operating Revenue in the Statement of Profit and Loss due to its operating nature.

##### **4) Dividend**

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

##### **5) Insurance Claims**

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

##### **6) Rent Income**

Rental income arising from operating leases is accounted on the basis of lease terms and is included in other income in the Statement of Profit and Loss.

#### **c. Foreign Currencies**

Items included in the financial Statements of the Group are measured using the currency of the Primary Economic Environment in which the Group operates ("the functional currency"). The Financial Statements are presented in INR.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

### **Transactions and Balances**

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group 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 difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous Financial Statements, are recognised as Income or Expenses in the year in which they arise.

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 or Loss are also recognised as OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in Statement of Profit and Loss.

### **d. Fair Value Measurement**

The Group 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 Group. 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 Group 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 Consolidated 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

For Assets and Liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group 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 Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted Financial Assets measured at fair value. 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 Group'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 Group'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 Group'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 Group 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 for:

- 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**

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term Construction Projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of Plant and Equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred. In respect of additions to /deletions from the Fixed Assets, depreciation is provided on pro-rata basis with reference to the month of addition/ deletion of the Assets.

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 derecognition 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.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

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 of which 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 Land is amortized over the lease term. 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.

<b>Asset</b>	<b>Estimated Useful Life</b>
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 include 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. 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. 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. Gains or losses arising from derecognition 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.

### **Research and Development Costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- ▶ The technical feasibility of completing the Intangible Asset so that the Asset will be available for use or sale
- ▶ Its intention to complete and its ability and intention to use or sell the Asset
- ▶ How the Asset will generate future economic benefits
- ▶ The availability of resources to complete the Asset
- ▶ The ability to measure reliably the expenditure during development

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

Following initial recognition of the development expenditure as an Asset, the Asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the Asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another Asset. During the period of development, the Asset is tested for impairment annually.

Intangible Assets are amortised over a period of 5 years

#### **Intangible Assets Under Development**

Expenditure incurred on acquisition /development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

#### **g. Impairment of Non- Financial Assets**

The Group 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 Group estimates the Asset's recoverable amount. An Asset's recoverable amount is the higher of an Asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual Asset, unless the Asset does not generate Cash Inflows that are largely independent of those from Other Assets or Groups of Assets. When the carrying amount of an Asset or CGU exceeds its recoverable amount, the Asset is considered impaired and is written down to its recoverable amount.

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 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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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 upto 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 Group 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 or 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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

- 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 or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

### **Debt Instrument at Future 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 Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the 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.

### **Debt Instrument at Future Value Through Profit or 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 Group 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 Group 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 Group may make an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value. The Group makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group 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 group of similar Financial Assets) is primarily derecognised (i.e. removed from the Group's Balance Sheet) when:

The rights to receive cash flows from the Asset have expired, or

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

The Group 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 Group has transferred substantially all the risks and rewards of the Asset or the Group has neither transferred nor retained substantially all the risks and rewards of the Asset, but has transferred control of the Asset.

When the Group 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 Group continues to recognise the transferred Asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

#### **Impairment of Financial Assets**

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and 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 Consolidated Financial Statements)

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

- Trade receivables

The application of simplified approach does not require the Group 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 Group 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 Group 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 Group does not reduce impairment allowance from the gross carrying amount.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

### **(B) Financial Liabilities**

#### **Initial Recognition and Measurement**

Financial Liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or 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 Group'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 or Loss (FVTPL)**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group 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 or 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 or 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 goods and services provided to the Group 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 Group uses derivative financial instruments, such as forward currency contracts and full currency swaps contracts to hedge its foreign currency risks. 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 or Loss.

### **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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

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.

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**

##### **Meghmani Organics Limited and Meghmani Finechem Limited**

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 Group 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 Group. 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 Group 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.

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 or 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.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

### **All other Foreign Subsidiaries:**

The Companies contribute to a defined contribution plan which are charged to the Statement of Profit and Loss as incurred.

### **I. Accounting for Taxes on Income**

#### **Income Tax 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. 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 or loss is recognised outside profit or loss (either in 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:

- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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 or loss is recognised outside profit or 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 taxes relate to the same taxable entity and the same taxation 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 Group will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

#### **m. Provisions**

Provisions are recognised when the Group 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 Group 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.

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 Group 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 Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

A contingent assets 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 Consolidated 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 fulfilment 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.

##### **Group 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 Group 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 Group'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 Group 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.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

### **Group as a Lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### **p. Earnings Per Share**

#### **Basic Earnings Per Share**

Basic Earnings Per Share are calculated by dividing the net profit or 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 or 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.

### **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 Group's cash management. .

### **r. Dividend**

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

### **s. Segment Reporting**

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Group'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. The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

### **t. 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 Group plans to adopt the new standard on the required effective date using the partial retrospective method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note - 3****Property, Plant and Equipment As on 31st March 2018**

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block				Depreciation / Amortisation			Net Block			
		Opening	Addition	Deduction	Exchange Rate Fluctuation	Closing	Opening	For the Year	Exchange Rate Fluctuation	Closing	As at 31st March 2018	As at 31st March 2017
3.1	Tangible Assets											
1	Freehold Land	558.39	-	-	-	558.39	-	-	-	-	558.39	558.39
2	Leasehold Land	3,758.39	802.08	-	-	4,560.47	88.52	45.13	-	133.65	4,426.82	3,669.87
3	Building	24,560.09	1,148.02	98.83	-	25,609.28	2,113.56	1,103.31	-	3,216.87	22,392.41	22,446.53
4	Plant & Machinery	61,998.97	8,036.52	293.62	22.21	69,764.08	13,657.84	7,626.03	-	21,283.87	48,480.21	48,341.13
5	Furniture & Fixtures	901.19	77.19	17.31	(0.02)	961.05	87.17	99.23	(0.01)	186.39	774.66	814.02
6	Vehicles	979.97	470.76	40.68	0.11	1,410.16	238.87	159.55	0.07	398.49	1,011.67	741.10
7	Computers	117.94	17.70	-	(0.11)	135.53	39.57	28.45	(0.11)	67.91	67.62	78.37
8	Other Equipments	295.02	44.12	0.39	(0.03)	338.72	59.38	57.67	(0.03)	117.02	221.70	235.64
	Sub Total	93,169.96	10,596.39	450.83	22.16	1,03,337.68	16,284.91	9,119.37	(0.08)	25,404.20	77,933.48	76,885.05
3.3	Intangible Assets											
1	Software Licences	70.50	7.83	-	-	78.33	54.45	6.26	-	60.71	17.62	16.05
2	Product Licences	1,086.98	985.79	-	(1.23)	2,071.54	301.42	303.85	(1.15)	604.12	1,467.42	785.56
3	Usage Rights	235.81	-	8.87	-	226.94	108.80	47.78	-	156.58	70.36	127.01
	Sub Total	1,393.29	993.62	8.87	(1.23)	2,376.81	464.67	357.89	(1.15)	821.41	1,555.40	928.62
	Total	94,563.25	11,590.01	459.70	20.93	1,05,714.49	16,749.58	9,477.26	(1.23)	26,225.61	79,488.88	77,813.67

i Borrowing cost capitalised during the year Rs. Nil (31st March 2017 Rs. 77.61 Lakhs) to respective qualifying assets.

ii 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/Intangibles under Development**

(₹ in Lakhs)

PARTICULARS	Capital Work in Progress		
	Tangible	Intangible	Total
<b>Cost</b>			
<b>As at March 31, 2017</b>			<b>1,910.53</b>
Addition	<b>965.85</b>	<b>944.68</b>	<b>1,910.53</b>
Capitalisation	7,033.24	2,748.15	9,781.39
<b>As at March 31, 2018</b>	<b>7,469.51</b>	<b>2,871.85</b>	<b>10,341.36</b>

Capital Work-in-Progress for Tangible Assets as at 31st March 2018 comprises expenditure for the Plant and Building in the course of construction. Intangible Assets under development as at 31st March 2018 comprises expenditure for the development and registration of Product Licenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note - 3****Property, Plant and Equipment As on 31st March 2017**

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block				Depreciation / Amortisation				Net Block		
		Opening	Addition	Deduction	Exchange Rate Fluctuation	Closing	Opening	For the Year	Exchange Rate Fluctuation	Closing	As at 31st March 2017	As at 31st March 2016
3.1	Tangible Assets											
1	Freehold Land	558.39	-	-	-	558.39	-	-	-	-	558.39	558.39
2	Leasehold Land	3,758.39	-	-	-	3,758.39	44.26	44.26	-	88.52	3,669.87	3,714.13
3	Building	22,846.03	2,609.18	895.12	-	24,560.09	1,049.97	1,063.59	-	2,113.56	22,446.53	21,796.06
4	Plant & Machinery	51,460.63	10,597.55	539.78	480.57	61,998.97	6,211.75	7,446.09	-	13,657.84	48,341.13	45,248.88
5	Furniture & Fixtures	242.41	658.99	-	(0.21)	901.19	39.18	48.19	(0.20)	87.17	814.02	203.23
6	Vehicles	782.10	251.00	52.64	(0.49)	979.97	109.78	129.35	(0.26)	238.87	741.10	672.32
7	Computers	64.74	53.31	-	(0.11)	117.94	19.57	20.11	(0.11)	39.57	78.37	45.17
8	Other Equipments	115.96	179.09	-	(0.03)	295.02	27.82	31.59	(0.03)	59.38	235.64	88.14
	Sub Total	79,828.65	14,349.12	1,487.54	479.73	93,169.96	7,502.33	8,783.18	(0.60)	16,284.91	76,885.05	72,326.32
3.3	Intangible Assets											
1	Software Licences	62.59	7.91	-	-	70.50	28.18	26.27	-	54.45	16.05	34.41
2	Product Licences	1,088.01	-	-	(1.03)	1,086.98	87.15	215.14	(0.87)	301.42	785.56	1,000.86
3	Usage Rights	235.81	-	-	-	235.81	61.02	47.78	-	108.80	127.01	174.79
	Sub Total	1,386.41	7.91	-	(1.03)	1,393.29	176.35	289.19	(0.87)	464.67	928.62	1,210.06
	Total	81,215.06	14,357.03	1,487.54	478.70	94,563.25	7,678.68	9,072.37	(1.47)	16,749.58	77,813.67	73,536.38

i Borrowing cost capitalised during the year Rs. 77.61 Lakhs (31st March 2016 : Rs.581.95 Lakhs) to respective qualifying Assets.

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

**3.2 Capital Work in Progress/Intangibles under Development**

(₹ in Lakhs)

PARTICULARS	Capital Work in Progress		
	Tangible	Intangible	Total
<b>Cost</b>			
<b>As at March 31, 2016</b>	<b>8,481.36</b>	<b>718.21</b>	<b>9,199.57</b>
Addition	3,298.63	226.47	3,525.10
Capitalisation	10,814.14	-	10,814.14
<b>As at March 31, 2017</b>	<b>965.85</b>	<b>944.68</b>	<b>1,910.53</b>

Capital Work-in-Progress for tangible assets as at 31st March 2017 comprises expenditure for the Plant and Building in the course of construction. Intangible Assets under development as at 31st March 2017 comprises expenditure for the development and registration of Product Licenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Notes: - Addition to Research and Development Assets during the year are as under

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block			Depreciation / Amortisation			Net Block	
		Opening	Addition	Deduction	Closing	Opening	For the Year	As at 31st March 2018	As at 31st March 2017
	<b>Tangible Assets</b>								
1	Building	9.49	-	-	9.49	0.32	0.16	9.01	9.17
2	Plant & Machinery	109.41	74.23	-	183.64	28.55	17.51	137.58	80.86
3	Furniture & Fixtures	15.76	-	-	15.76	6.65	3.33	5.78	9.11
4	Computers	3.33	0.21	-	3.54	0.73	1.09	1.72	2.60
5	Other Equipments	2.10	2.53	-	4.63	0.48	0.48	3.67	1.62
	<b>Sub Total</b>	<b>140.09</b>	<b>76.97</b>	<b>-</b>	<b>217.06</b>	<b>36.73</b>	<b>22.57</b>	<b>157.76</b>	<b>103.36</b>
	<b>Intangible Assets</b>								
1	Product Licences	52.96	-	-	52.96	51.36	1.60	-	1.60
	<b>Sub Total</b>	<b>52.96</b>	<b>-</b>	<b>-</b>	<b>52.96</b>	<b>51.36</b>	<b>1.60</b>	<b>-</b>	<b>1.60</b>
	<b>Total</b>	<b>193.05</b>	<b>76.97</b>	<b>-</b>	<b>270.02</b>	<b>88.09</b>	<b>24.17</b>	<b>157.76</b>	<b>104.96</b>

Notes: - Addition to Research and Development Assets in previous year are as under

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block			Depreciation / Amortisation			Net Block	
		Opening	Addition	Deduction	Closing	Opening	For the Year	As at 31st March 2017	As at 31st March 2016
	<b>Tangible Assets</b>								
1	Building	9.49	-	-	9.49	0.16	0.16	9.17	9.33
2	Plant & Machinery	85.33	24.08	-	109.41	13.75	14.80	80.86	71.58
3	Furniture & Fixtures	15.76	-	-	15.76	3.32	3.33	9.11	12.44
4	Vehicles	0.17	-	0.17	-	-	-	-	0.17
5	Computers	1.21	2.12	-	3.33	0.24	0.49	2.60	0.97
6	Other Equipments	1.30	0.80	-	2.10	0.20	0.28	1.62	1.10
	<b>Sub Total</b>	<b>113.26</b>	<b>27.00</b>	<b>0.17</b>	<b>140.09</b>	<b>17.67</b>	<b>19.06</b>	<b>103.36</b>	<b>95.59</b>
	<b>Intangible Assets</b>								
1	Product Licences	52.96	-	-	52.96	40.89	10.47	1.60	12.07
	<b>Sub Total</b>	<b>52.96</b>	<b>-</b>	<b>-</b>	<b>52.96</b>	<b>40.89</b>	<b>10.47</b>	<b>1.60</b>	<b>12.07</b>
	<b>Total</b>	<b>166.22</b>	<b>27.00</b>	<b>0.17</b>	<b>193.05</b>	<b>58.56</b>	<b>29.53</b>	<b>104.96</b>	<b>107.66</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**4 FINANCIAL ASSETS : INVESTMENTS**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
<b>(Carried at Fair Value Through Other Comprehensive Income)</b>		
<b>(I) Investments in Equity Shares (Unquoted)</b>		
(i) 4 (31st March 2017 - 4) Equity Shares of Alaukik Owners Association of Rs.100/- each #	0	0
(ii) 5,17,085 (31st March 2017 - 5,17,085) Equity Shares of Narmada Clean Tech.of Rs.10/- each	51.71	51.71
(iii) 14,000 (31st March 2017 - 14,000) Equity Share of Bharuch Eco Enviro Infrastructure Ltd. of Rs.10/- each	1.40	1.40
(iv) 500 (31st March 2017 - 500) Equity Shares of Green Environment Services Co.Op.Soc. Ltd of Rs.10/- each	0.05	0.05
(v) 30,000 (31st March 2017 - 30,000) Equity Shares of Panoli Enviro Technology of Rs.10/- each	3.00	3.00
(vi) 100 (31st March 2017 - 100) Equity Shares of Sanand Eco Project Limited of Rs.10/- each	0.01	0.01
(vii) 2,000 (31st March 2017 - 2,000) Equity Shares of Suvikas Peoples Co. Op. Bank Limited of Rs.50/- each	1.00	1.00
(viii) 10 (31st March 2017 - 10) Equity Shares of Vellard View Premises Co. Op. Soc Ltd. of Rs.50/- each	0.01	0.01
<b>Total (I)</b>	<b>57.18</b>	<b>57.18</b>
<b>(Carried at Fair Value Through Profit and Loss)</b>		
<b>(II) Investments in Equity Shares (Unquoted)</b>		
(i) Nil (31st March 2017 - 2,000) Equity Shares of Saket Project Ltd. of Rs.100/- each	-	0.20
(ii) 8,200 (31st March 2017 - 8,200) Equity Shares of Lanzorate Finance Limited of Rs.10/- each	-	0.82
<b>Total (II)</b>	<b>-</b>	<b>1.02</b>
<b>(Carried at Amortised cost)</b>		
<b>(III) Investments in Government Securities (Unquoted)</b>		
National Savings Certificates	0.23	0.33
<b>Total (I+II+III)</b>	<b>57.41</b>	<b>58.53</b>

Note - # Amount is less than 0.01 Lakhs

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 OTHER FINANCIAL ASSETS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Good</b>		
Security Deposits	696.57	600.90
Bank Deposits with original maturity of more than 12 months (including interest accrued) (Refer Note below)	381.49	348.33
Derivative Assets	-	85.62
<b>TOTAL</b>	<b>1,078.06</b>	<b>1,034.85</b>

Term Deposit held as margin money Rs. 381.49 Lakhs (31st March 2017 Rs.348.33 Lakhs) Security are given against Bank Guarantee with Bank.

### 6 INCOME TAX ASSETS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Advance payment of Income Tax (Net of Provision)	1,051.77	1,835.04
<b>TOTAL</b>	<b>1,051.77</b>	<b>1,835.04</b>

### 7 OTHER ASSETS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Good</b>		
Capital Advances	4,728.88	474.51
Balances with Government Authorities (Amount Paid Under Protest)	426.48	848.26
<b>TOTAL</b>	<b>5,155.36</b>	<b>1,322.77</b>

### 8 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Raw Materials	6,869.40	5,396.27
Raw Materials in Transit	304.00	14.38
Work In Process	1,115.51	1,205.50
Finished Goods	6,494.75	6,934.20
Finished Goods in Transit	8,574.23	7,561.77
Stock in Trade (Trading)	632.36	507.52
Stores and Spares	1,955.17	1,666.73
Others (Packing Material and Fuel Stock)	828.50	881.70
<b>TOTAL</b>	<b>26,773.92</b>	<b>24,168.07</b>

The Company has written down the value of Inventories by Rs. 233.06 Lakhs (31st March 2017 Rs. Nil) and has recognised the same as an expense to the Statement of Profit and Loss.

### 9 INVESTMENTS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>(Carried at Fair Value through Profit and Loss)</b>		
<b>(I) Investments in Mutual Funds (Quoted)</b>		
Investment in Mutual Funds	7,141.81	2,852.70
<b>TOTAL</b>	<b>7,141.81</b>	<b>2,852.70</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Aggregate Value of Quoted Current Investments</b>		
Carrying Amount	7,141.81	2,852.70
Market Value	7,141.81	2,852.70

### **10 TRADE RECEIVABLES**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Unsecured, Considered Good	37,450.16	33,091.02
Unsecured, Considered Doubtful	226.72	-
	<b>37,676.88</b>	<b>33,091.02</b>
Less : Allowance for Doubtful Trade Receivables	(226.72)	-
<b>TOTAL</b>	<b>37,450.16</b>	<b>33,091.02</b>

- i Trade Receivables are non-interest bearing and are generally on terms of 30 to 180 days.
- ii For amounts due and terms and conditions relating to related party receivables, Refer Note 42.
- iii Refer Note - 43 For Information about Credit Risk.

### **11 CASH AND CASH EQUIVALENTS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Balance with Banks in Current Accounts	411.18	196.12
Cash on Hand	14.32	9.98
<b>TOTAL</b>	<b>425.50</b>	<b>206.10</b>

### **12 OTHER BANK BALANCES**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Bank Deposits with original maturity of more than three months but less than twelve months (Refer Note below)	544.62	790.37
Earmarked balances For Unclaimed Dividend	22.10	23.00
<b>TOTAL</b>	<b>566.72</b>	<b>813.37</b>

#### **Note:**

- i Deposits amounting Rs. 543.63 Lakhs are given as security against bank guarantees (31st March 2017 - Rs. 37.34 Lakhs). Deposits amounting Rs. NIL (31st March 2017 - Rs. 753.03 Lakhs) are held as margin money against Borrowings from Banks.

### **13 LOANS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Doubtful To Related Parties</b>		
Loan to Subsidiary Company (PT Meghmani Organics Indonesia)	-	413.42
Less: Allowance for Doubtful Loans	-	(413.42)
	-	-
<b>Unsecured, Considered Good</b>		
Loan to Employees (Refer Note below)	37.82	28.49
<b>TOTAL</b>	<b>37.82</b>	<b>28.49</b>

**Note:-** The loan to Employees are interest free and are generally for a tenure of 6 to 12 months.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 OTHER FINANCIAL ASSETS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Insurance Claim Receivable	1,494.76	3,501.03
Export Benefit Receivable	1,725.01	2,076.99
Derivative Assets	-	128.43
Security Deposit	31.27	61.27
<b>TOTAL</b>	<b>3,251.04</b>	<b>5,767.72</b>

### 15 OTHER ASSETS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, Considered Good</b>		
Balance with Government Authorities	7,092.99	5,197.74
Advances to Suppliers	394.64	1,020.68
Advances to Employees	13.45	41.58
Prepaid Expenses	624.71	820.54
Export Benefit Receivable	79.48	-
Others	64.44	23.56
<b>Unsecured, Considered Doubtful</b>		
Advances to Suppliers	20.90	-
Allowance for Doubtful Advances	(20.90)	-
<b>TOTAL</b>	<b>8,269.71</b>	<b>7,104.10</b>

Balance with Government Authority includes VAT / Cenvat / Service Tax Credit Receivable.

### 16 SHARE CAPITAL

AUTHORISED EQUITY SHARE CAPITAL	No. of shares	Rs. in Lakhs
Equity Shares of Re. 1 each.		
<b>As at 1st April 2016</b>	<b>37,00,00,000</b>	<b>3,700.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31st March 2017</b>	<b>37,00,00,000</b>	<b>3,700.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31st March 2018</b>	<b>37,00,00,000</b>	<b>3,700.00</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP SHARE CAPITAL</b>	<b>No. of shares</b>	<b>Rs. in Lakhs</b>
Equity shares of Re. 1 each.	25,43,14,211	2,543.14

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

AUTHORISED EQUITY SHARE CAPITAL	No. of shares	Rs. in Lakhs
<b>As at 1st April 2016</b>	<b>25,43,14,211</b>	<b>2,543.14</b>
Increase/(Decrease) during the year	-	-
<b>As at 31st March 2017</b>	<b>25,43,14,211</b>	<b>2,543.14</b>
Increase/(Decrease) during the year	-	-
<b>As at 31st March 2018</b>	<b>25,43,14,211</b>	<b>2,543.14</b>



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Terms / Rights attached to Equity shares**

The Company has one class of equity shares having par value of Re. 1 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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.

### **Number of Shares held by Shareholders holding more than 5% Shares**

PARTICULARS	As at 31st March 2018		As at 31st March 2017	
	No. of shares	% Holding	No. of shares	% Holding
DBS Nominees (P) Ltd.	1,36,23,540	5.36%	2,26,53,600	8.91%
Mr. Jayanti Patel	1,85,60,390	7.30%	1,85,60,390	7.30%
Mr. Ashish Soparkar	2,46,80,410	9.70%	2,45,85,628	9.67%
Mr. Natwarlal Patel	2,57,12,130	10.11%	2,57,12,130	10.11%
Mr. Ramesh Patel	1,64,22,392	6.46%	1,64,22,392	6.46%
<b>As at 31st March 2018</b>	<b>9,89,98,862</b>	<b>38.93%</b>	<b>10,79,34,140</b>	<b>42.44%</b>

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.

### **Distribution made and proposed**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Cash dividends on Equity Shares declared and paid:</b> Final dividend for 31 March 2017: Rs. 0.40 per share (31st March, 2016: NIL)	1,224.35	-
<b>Proposed dividends on Equity shares:</b> Proposed cash dividend for 31 March 2018: Rs. 0.40 per share (31st March, 2017: Rs. 0.40 per share)	1,224.35	1,224.35

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17 OTHER EQUITY

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>(1) Securities Premium Reserve</b>		
Balance as at the beginning of the year	15,650.48	15,650.48
<b>Balance as at the end of the year</b>	<b>15,650.48</b>	<b>15,650.48</b>
<b>(2) Capital Reserve</b>		
Balance as at the beginning of the year	35.18	35.18
<b>Balance as at the end of the year</b>	<b>35.18</b>	<b>35.18</b>
<b>(3) General Reserve</b>		
Balance as at the beginning of the year	8,955.58	8,955.58
Add : Transferred from Profit and Loss Account	800.00	-
<b>Balance as at the end of the year</b>	<b>9,755.58</b>	<b>8,955.58</b>
<b>(4) Capital Redemption Reserve</b>		
Balance as at the beginning of the year	184.33	184.33
<b>Balance as at the end of the year</b>	<b>184.33</b>	<b>184.33</b>
<b>(5) Hedge Reserve</b>		
Balance as at the beginning of the year	(21.66)	(26.72)
Add : (Addition) / Deduction during the year	21.66	5.06
<b>Balance as at the end of the year</b>	<b>-</b>	<b>(21.66)</b>
<b>(6) Currency Translation Reserve</b>		
Balance as at the beginning of the year	715.02	741.30
Add : Addition during the year	(775.79)	(26.28)
<b>Balance as at the end of the year</b>	<b>(60.77)</b>	<b>715.02</b>
<b>(7) Retained Earning</b>		
Balance as at the beginning of the year	43,783.37	35,040.72
Add : Receivable written off in standalone and now accounted for Consolidation	39.35	-
Add : Profit for the year	17,132.18	8,770.38
Add : Other Comprehensive Income for the Year	15.17	(27.73)
	60,970.07	43,783.37
Less : Appropriation		
Transfer to General Reserve	800.00	-
Dividend Paid	1,017.26	-
Dividend Distribution Tax	207.09	-
<b>Balance as at the end of the year</b>	<b>58,945.72</b>	<b>43,783.37</b>
<b>TOTAL</b>	<b>84,510.52</b>	<b>69,302.30</b>

#### Nature and purpose of Reserves :

##### 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Capital Reserve**

The Capital Reserve pertains to deduction in Depreciation at the time of Incorporation of the Company.

### **General reserve**

General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the statement of profit and loss. The Company can use this reserve for payment of dividend and issue of fully paid-up bonus shares

### **Capital Redemption Reserve**

Capital Redemption Reserve was created for buy-back of shares.

### **Hedge Reserve**

The group uses hedging instruments as part of its management interest rate risk associated with variable interest rate borrowings. For hedging interest rate risk, the group uses interest rate swaps which designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss.

### **Currency Translation Reserve**

Exchange differences arising on translation of the foreign operations are recognised in Other Comprehensive Income as described in accounting policy and accumulated in a separate reserve within Equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

## **18 BORROWINGS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>SECURED</b>		
<b>Term Loan Facilities from Banks and Financial Institutions:</b>		
In Indian Currency (Refer Notes below)	21,831.23	11,244.56
In Foreign Currency (Refer Notes below)	-	926.43
[Refer Notes - 24 for Current Maturity of Term Loan Rs. 8,608.77 Lakhs (31st March 2017 Rs. 8,963.18 Lakhs)]		
<b>TOTAL</b>	<b>21,831.23</b>	<b>12,170.99</b>

Refer Note No - 43 For Interest Rate Risk and Liquidity Risk.

### **Details of Security and Repayment Terms :**

- i The Company has Rupee Term Loan facility of Rs. 3,000.00 Lakhs from HDFC Bank. The facility is Secured by First Pari Passu charge with ICICI Bank Limited on movable and immovable Fixed Assets held at Z-31 and Z-32, Dahej SEZ Limited. Loan is repayable in 20 quarterly installments of Rs. 150.00 Lakhs each commencing from 30th April 2016 and carries interest @ base rate plus 1.75% per annum with monthly rests. Interest rate for current year is 9.45% with moratorium of 2 years.
- ii The Company has Rupee Term Loan facility of Rs. 10,675.00 Lakhs from State Bank of India. The facility is secured by First charge on all the Company's movable Fixed Assets at (a) Agro Division III Plant at Plot No. CH 1+2/A, GIDC Dahej and (b) Pigment Blue Division at Plot No. Z-31, Z-32, Dahej SEZ Limited, Dahej. The loan carries floating interest rate on monthly rests and effective interest rate for current year is 9.00% p. a. The Term Loan is repayable in 26 quarterly installments starting from 31st December 2015 and ending on 31st March 2022. The details are as under.
  - 1 Two quarterly installments of Rs. 325.00 Lakhs each starting from 31.12.2015
  - 2 Seventeen quarterly installments of Rs. 512.50 Lakhs each starting from 30.06.2016
  - 3 Seven quarterly installments of Rs. 187.50 Lakhs each starting from 30.09.2020

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

- iii The Company has Rupee Term loan facility of Rs. 9,200.00 Lakhs from Axis Bank Limited. Outstanding balance for this facility is Rs. 8,700.00 Lakhs (31st March 2017 - Rs. Nil). The Facility is secured by (a) Exclusive Charge on Windmill (b) First Pari Passu charge by way of Hypothecation on the movable Fixed Assets of the Company (c) Assignment of Lease Hold Land used for Windmill (d) First Pari Passu charge by way of mortgage on immovable Fixed Assets of the Company (excluding the assets charged specifically to other lenders). The Current effective rate is 7.60% linked to 12 Months G- Sec, which will be reset every year. The term Loan is repayable in 12 installments after a moratorium period of 12 Months from the date of first disbursement.
- iv The Company has Rupee Term loan facility of Rs. 12,500.00 Lakhs from ICICI Bank Limited. Outstanding balance for this facility is Rs. 10,000.00 Lakhs (31st March 2017 - Rs. Nil). The Facility is secured by (a) First Pari Passu charge by way of Hypothecation on the movable Fixed Assets of the Company excluding exclusively charged assets (b) First Pari Passu charge on immovable fixed assets of the Company (excluding exclusively charged assets to other lenders) (c) Second Pari Passu Charge by way of Hypothecation over entire Current Assets. The Current effective rate is 8.20% (MCLR) with Nil spread. The Term Loan is repayable in 16 quarterly installments amounting to Rs. 625 lakhs after a moratorium period of 13 months from the date of first disbursement.
- v The Subsidiary Company Meghmani Finechem Limited has availed term loan from ICICI Bank Limited, The Bank has refinanced term loan of Rs. 22,000 Lakhs. The entire facility of Rs. 22,000 Lakhs has been secured by Deed of Hypothecation dated 30th January, 2012 the whole of movable properties of the Company, including its movable Plant & Machinery, Machinery Spares, Tools and Accessories other movables both present and future where ever situate including Raw Material, Stock in Process, Finished Goods, Book Debts, Bills situated any where.
- The rate of interest of term loan from ICICI Bank Limited is 1 Year MCLR +1.42% (i.e. 8.90%+1.42%) p.a. The repayment of this loan has started from March 2012.
- This charge is jointly held with First Pari Passu charge on movable fixed assets for (a) US \$ 200 Lakhs to International Finance Corporation (IFC) Washington USA (b) US \$ 150 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.
- vi The Subsidiary Company Meghmani Finechem Limited has availed a Foreign Currency Term Loan by way of External Commercial Borrowing (ECB) of US \$ 200 Lakhs (Rs. 8,645.49 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 Currency Term Loan of External Commercial Borrowing of US \$ 200 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 Lakhs from International Finance Corporation (IFC) is 1.80% per annum above 6 month LIBOR. The repayment started from October 2011 in 14 half yearly equal installments.
- vii The Group Company Meghmani Finechem Limited has availed US \$ 150 Lakhs (₹ 7,650 Lakhs) ECB from Standard Chartered Bank (SCB), United Kingdom by executing Memorandum of Hypothecation dated 16th February, 2012. The entire facility has been secured by First Pari Passu charge on all present and future movable Fixed Assets of the Company including movable Plant and Machinery etc. and Second Pari Passu Charge on all Current Assets of the Company along with other term lenders. During the year the Company has paid the ECB Loan.
- The rate of interest for Foreign Currency Term Loan by way of External Commercial Borrowing of US \$ 150 Lakhs from Standard Chartered Bank (SCB) is 2.80% per annum above 3 month LIBOR. The repayment of this loan has started from May 2013 and will be paid in 14 quarterly equal installments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

- viii 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 Rs.22,000 Lakhs of ICICI Bank and ECB of US\$ 150 Lakhs of Standard Chartered Bank, London. Alongwith this the indenture of mortgage created to secure term loan by way of ECB availed from IFC of US\$ 200 Lakhs exists.
- ix The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.
- x Bank loans availed by the Company are subject to certain covenants relating to interest service coverage, current ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and return on fixed assets. The Company has complied with the covenants as per the terms of the loan agreements.
- xi The Company has Rupee Term Loan facility of Rs. 11,000.00 Lakhs from HDFC Bank Limited. The facility is secured by (a) Second charge over Current Assets Pari Passu with other lenders. (b) 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 spread (to be decided) with monthly rest. The Term Loan will be repaid in 20 Quarterly instalments of Rs. 550.00 Lakhs each after a moratorium period of 12 months from the date of disbursement.

**19 OTHER FINANCIAL LIABILITIES**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Financial Liabilities carried at Fair Value Through Profit or Loss:</b>		
Financial Derivatives	-	15.55
<b>TOTAL</b>	<b>-</b>	<b>15.55</b>

**20 PROVISIONS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Provision for Employee Benefits (Refer Note No - 39)</b>		
Gratuity	461.08	387.46
Leave Encashment	62.29	51.35
<b>TOTAL</b>	<b>523.37</b>	<b>438.81</b>

**21 TAX EXPENSE**

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

PARTICULARS	(₹ in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Income Tax	7,222.60	3,976.93
Adjustment to Tax related to earlier periods	113.54	50.76
<b>Deferred Income Tax Liability / (Asset), net</b>		
Deferred tax relating to origination & reversal of temporary differences	2,746.97	2,264.55
MAT Credit Entitlement	(1,304.35)	(2,337.00)
<b>Tax Expense for the year</b>	<b>8,778.76</b>	<b>3,955.24</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(b) Amounts recognised in Other Comprehensive Income**

PARTICULARS	(₹ in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Items that will not be reclassified to Profit or Loss: Remeasurements of the Defined Benefit Plans</b>		
Before Tax	23.35	(51.67)
Tax benefit Amount	(8.16)	17.88
<b>Net of Tax</b>	<b>15.19</b>	<b>(33.79)</b>
<b>Items that will be reclassified to Profit or Loss: Exchange differences in translating the financial statements of a foreign operation</b>		
Before Tax	3.36	-
Tax benefit Amount	(1.17)	-
<b>Net of Tax</b>	<b>2.19</b>	<b>-</b>

**(c) Reconciliation of Effective Tax Rate**

PARTICULARS	(₹ in Lakhs)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Profit Before Tax</b>	<b>32,571.47</b>	<b>15,576.19</b>
Tax using the Company's domestic tax rate (Current Year 34.61% and Previous Year 34.61%)	11,272.33	5,390.61
<b>Non-Deductible Tax Expenses</b>		
Excess Depreciation Disallowed	340.64	2,313.88
Disallowance u/s - 43B	-	108.74
Investment Written Off	0.28	-
Others	4.68	-
<b>Allowable Tax Expenditure</b>		
Additional R & D Expenses u/s - 35(2AB)	(33.10)	(57.40)
Income exempt from Income Taxes (u/s 10A & 80IA)	(1,900.46)	(1,737.41)
Investment Allowance (u/s 32 AC)	-	(456.39)
Others	(95.23)	(360.90)
<b>Other adjustments</b>		
Adjustment for Tax of Prior Periods	113.54	50.75
Unrecognised MAT Credit Entitlement	(1,304.35)	(1,161.66)
Impact on account of Ind AS transition in the previous year	-	(134.98)
Adjustment to Tax Related to Rectification of Deferred Tax of Previous Year	576.41	-
Impact on account of change in the deferred tax rate	(27.67)	-
Others	(167.14)	-
Currency Translation Reserve	(1.17)	-
<b>Total</b>	<b>8,778.76</b>	<b>3,955.24</b>
<b>Effective Tax Rate</b>	<b>26.95%</b>	<b>25.39%</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particular	Net balance April 1, 2017	Recognised Profit or Loss	Recognised in OCI	Other	Net	March 31, 2018	
						Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	(8,130.06)	(746.12)	-	-	(8,876.18)	-	(8,876.18)
Loans and Borrowings	(53.87)	5.04	-	-	(48.83)	-	(48.83)
Trade Receivables	(94.21)	94.21	-	-	(0.00)	-	(0.00)
Inventories	607.95	(555.14)	-	-	52.81	52.81	-
Employee Benefits	168.04	231.13	(8.16)	-	391.01	391.01	-
Investment	(18.24)	(47.50)	-	-	(65.74)	-	(65.74)
Tax Credit (MAT)	4,668.97	(207.53)	-	-	4,461.44	4,461.44	-
Reversal of DTA within Tax Holiday Period	-	(91.92)	-	-	(91.92)	-	(91.92)
Others	-	(125.96)	-	-	(125.96)	-	(125.96)
Currency Translation Reserve	-	1.17	(1.17)	-	-	-	-
<b>Tax Assets/(Liabilities)</b>	<b>(2,851.42)</b>	<b>(1,442.62)</b>	<b>(9.33)</b>	<b>-</b>	<b>(4,303.37)</b>	<b>4,905.26</b>	<b>(9,208.63)</b>
Set off	-	-	-	-	-	-	<b>4,905.26</b>
<b>Net Tax Asset / (Liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,303.36)</b>

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

Particular	Net balance April 1, 2016	Recognised Profit or Loss	Recognised in OCI	Other	Net	March 31, 2017	
						Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	(5,810.42)	(2,319.64)	-	-	(8,130.06)	-	(8,130.06)
Loans and Borrowings	(81.38)	27.51	-	-	(53.87)	-	(53.87)
Trade Receivables	-	(94.21)	-	-	(94.21)	-	(94.21)
Inventories	460.85	147.10	-	-	607.95	607.95	-
Employee benefits	157.23	(7.07)	17.88	-	168.04	168.04	-
Investment	-	(18.24)	-	-	(18.24)	-	(18.24)
Tax Credit (MAT)	2,606.96	2,337.00	-	(274.99)	4,668.97	4,668.97	-
<b>Tax Assets/(Liabilities)</b>	<b>(2,666.76)</b>	<b>72.45</b>	<b>17.88</b>	<b>(274.99)</b>	<b>(2,851.42)</b>	<b>5,444.96</b>	<b>(8,296.38)</b>
Set off	-	-	-	-	-	-	<b>5,444.96</b>
<b>Net Tax Assets / (Liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,851.42)</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****22 BORROWINGS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Secured Loans</b>		
<b>Loans Repayable on Demand</b>		
<b>Cash Credit, Packing Credit and WCDL</b>		
<b>(Refer note below)</b>		
In Indian currency	6,186.54	23,830.40
In Foreign currency	1,955.25	1,130.81
<b>TOTAL</b>	<b>8,141.79</b>	<b>24,961.21</b>

**Details of Security and Repayment Terms :**

- i The interest rate on Working Capital facilities from State Bank of India, HDFC Bank Limited, Standard Chartered Bank and ICICI Bank Limited (Collectively known as Consortium Bankers) varies within the range of 8.15% to 10.45% (both inclusive) and are secured by :-
- First Pari Passu charge created on 9th October, 2003 for Rs. 7,945.00 Lakhs was further extended on 28th May 2005 for Rs. 15,535.00 Lakhs, on 23rd January, 2007 for Rs. 21,865.00 Lakhs, on 28th August, 2009 for Rs. 34,308.00 Lakhs and on 28th September, 2017 40,000.00 Lakhs in favour of State Bank of India and its Consortium Bank by way of hypothecation of the entire stock of Raw Materials, Work in Process, Finished Goods, Stores and Spares and Receivables. The present consortium is lead by State Bank of India.
  - First Pari Passu charge on immovable fixed assets to State Bank of India and its consortium bank as collateral security for the working capital facilities of Rs. 34,308.00 Lakhs. The present consortium is lead by State Bank of India.
  - The indenture of the mortgage created on immovable properties are located at :
    - Plot No. 168,180,183 and 184 of GIDC Industrial Estate Vatva, Ahmedabad.
    - Block No. 402,403,404 and 452 at Village Chharodi, Taluka Sanand, District Ahmedabad
    - Plot No. 21 & 21/1 of GIDC Industrial Estate Panoli, Taluka Ankleshwar, Bharuch.
    - Plot No.5001/B of GIDC Industrial Estate, Ankleshwar, Bharuch.
- ii The Subsidiary Company Meghmani Finechem Limited has availed working capital facility of Rs. 7,000.00 Lakhs as sanctioned limit from Consortium comprising of ICICI Bank Ltd (Rs. 3,600.00 Lakhs), standard Chartered Bank (Rs.1,800.00 Lakhs) and HDFC Bank Ltd. Rs. (1,600.00 Lakhs). The entire facility of Rs. 7,000.00 Lakh has been secured by First Charge on all the Current Assets ranking pari-passu basis on both present and future Current Assets of the Company. (2) Second charge on both present and future Fixed Assets of the Company.
- iii The Rate of interest stipulated by ICICI bank is sum of I-base and "spread" per annum, subject to minimum rate of 6 Month MCLR +15% (i.e. 8.15%+1.55 = 9.70%) p.a. plus applicable interest taxes or other Statutory levy, if any, on the principal amount remains outstanding each day.
- iv The Rate of interest stipulated by Standred Charted Bank is MCLR + Applicable Margin.
- v The Rate of interest stipulated by HDFC Bank Limited is as per prevailing rate (i.e. one year MCLR)

**23 TRADE PAYABLES**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Outstanding Dues of Micro, Small and Medium Enterprises (Refer Note 38)	616.98	852.18
Outstanding Dues of Creditors other than Micro, Small and Medium Enterprises (Refer Notes below)	18,889.17	15,452.13
<b>TOTAL</b>	<b>19,506.15</b>	<b>16,304.31</b>

**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 42 and 43 for Company's credit risk management processes.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24 OTHER FINANCIAL LIABILITIES

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Current maturities of Non Current Borrowings	8,608.77	8,963.18
Interest accrued but not due on borrowings	72.74	212.72
Employee Benefit Payable	3,103.89	806.71
Unclaimed Dividend	22.10	23.01
Payable for Retention Money	11.76	21.02
Payables for Capital Goods	1,219.98	1,221.62
Trade Deposits Payable	485.21	445.98
Expenses Payable	1,303.77	-
Interest as per MSMEDA, 2006	290.55	269.27
Derivative Contracts	17.38	-
<b>TOTAL</b>	<b>15,136.15</b>	<b>11,963.51</b>

### 25 OTHER LIABILITIES

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Advance from Customers	446.65	342.66
Statutory Payments	590.59	1,043.34
<b>TOTAL</b>	<b>1,037.24</b>	<b>1,386.00</b>

### 26 PROVISIONS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Provisions for Employee Benefits (Refer Note 39)		
Leave Encashment	9.01	11.09
<b>TOTAL</b>	<b>9.01</b>	<b>11.09</b>

### 27 CURRENT TAX LIABILITIES (NET)

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Current Tax Payable	1,410.81	584.62
<b>TOTAL</b>	<b>1,410.81</b>	<b>584.62</b>

### 28 REVENUE FROM OPERATIONS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Sale of Products</b>		
i - Manufactured Goods (including Excise Duty) (Refer Note below)	1,73,116.94	1,43,895.67
ii - Traded Goods	8,337.19	8,065.37
<b>Other Operating Revenue</b>		
i - Export Incentives	2,838.86	2,312.08
ii - Scrap Sales	24.02	19.68
<b>TOTAL</b>	<b>1,84,317.01</b>	<b>1,54,292.80</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

According to the requirements of Schedule III of the Companies Act 2013, sales for the period upto June 30, 2017, and for previous year presented in these Financial Statements results 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 requirements of Ind AS-18 'Revenue'.

### 29 OTHER INCOME

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Interest Income		
- on Bank Deposits	67.83	68.47
- on Others	369.87	241.04
Dividend Income	1.54	-
Fair Value Gain on Derivative Instruments held at Fair Value Through Profit or Loss	85.62	128.43
Net Gain on Foreign Currency transactions and translations	1,912.38	439.54
Rent Income (Refer Note below)	3.08	2.31
Liabilities No Longer Required Written Back	99.65	231.28
Miscellaneous Income	338.03	27.15
Fair Value Gain on Mutual Funds held at Fair Value Through Profit or Loss	128.89	52.70
Insurance claims Received	25.78	50.81
<b>TOTAL</b>	<b>3,032.67</b>	<b>1,241.73</b>

**Note:** The Company has entered into lease rent agreement for factory 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 income recognised in the Statement of Profit and Loss for the year amounts to Rs 3.08 lakhs (March 31, 2017: Rs 2.31 lakhs).

### 30 COST OF MATERIALS CONSUMED

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Pigments	32,204.63	28,059.31
Agro Chemicals	36,546.23	27,036.85
Basic Chemical	19,773.62	14,913.55
<b>TOTAL</b>	<b>88,524.48</b>	<b>70,009.71</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK IN TRADE**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>(A) Inventories at the beginning of the year</b>		
(i) Finished Goods	6,934.20	11,529.87
(ii) Trading Goods	507.51	1,897.19
(iii) Goods in Transit	7,561.77	7,980.18
(iv) Work-in-Process	1,205.50	1,259.41
<b>TOTAL (A)</b>	<b>16,208.98</b>	<b>22,666.65</b>
<b>(B) Inventories at the end of the year</b>		
(i) Finished Goods	6,494.75	6,934.20
(ii) Trading Goods	632.36	507.51
(iii) Goods in Transit	8,574.23	7,561.77
(iv) Work-in-Process	1,115.51	1,205.50
<b>TOTAL (B)</b>	<b>16,816.85</b>	<b>16,208.98</b>
<b>Total Changes in Inventories (A - B)</b>	<b>(607.87)</b>	<b>6,457.67</b>

**32 EMPLOYEE BENEFIT EXPENSES**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Salary, Wages and Bonus	5,893.79	5,353.16
Directors Remuneration	3,317.07	436.38
Contribution to Provident and Other Funds	268.85	225.81
Staff Welfare Expenses	501.23	464.01
<b>TOTAL</b>	<b>9,980.94</b>	<b>6,479.36</b>

**33 FINANCE COSTS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Interest expense on :</b>		
- Term Loans	2,187.49	2,460.60
- Cash Credit and Working Capital Demand Loan	1,088.66	2,139.48
- Others	354.92	193.70
Other Borrowing Costs	356.07	295.05
<b>TOTAL</b>	<b>3,987.14</b>	<b>5,088.83</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34 OTHER EXPENSES

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Consumption of Stores and Spares	2,052.41	2,040.84
Power and Fuel	10,852.73	9,602.95
Repairs to Buildings	192.27	137.28
Repairs to Machinery	1,266.95	935.16
Pollution Control Expenses	2,085.46	1,163.44
Excise Duty Expenses	370.90	(419.35)
Labour Contract Charges	2,847.47	2,308.60
Rent (Refer Note - i below)	293.89	268.25
Rates and Taxes	103.98	138.30
Insurance	967.64	469.41
Packing Material Consumption	3,742.01	3,099.23
Loss on Sale of Property, Plant and Equipment	133.71	5.34
Loss on Derivatives	231.43	-
Freight Expenses	2,943.74	1,983.52
Research & Development Expenses (Refer Note - ii below)	191.29	157.13
Bad Debts	780.25	72.98
Provision For Doubtful Debts and Advances	247.62	-
Expenditure towards Corporate Social Responsibility (Refer Note - iii)	322.32	88.23
Miscellaneous Expenses	6,534.20	5103.38
Payments to the Auditors (Refer Note - iv below)	43.94	51.57
<b>TOTAL</b>	<b>36,204.21</b>	<b>27,206.26</b>

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 Rs 303.02 lakhs (March 31, 2017: Rs 268.25 lakhs).

ii Above expenses includes Research & Development related expenses as follows

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Salary & Wages	128.30	102.83
Raw Material Consumption	17.61	11.40
Consumables & Spares and Others	2.52	2.62
Electricity Expenses	12.62	11.46
Annual Maintenance Contract & Repairing	13.67	9.80
Computer Maintenance	0.05	0.16
Stationery Expenses	0.99	0.25
Telephone, Mobile & Internet Expenses	0.61	1.84
Travelling Expenses	2.91	6.84
Vehicle Expenses	8.06	6.96
Conveyance Expenses	2.23	1.92
Miscellaneous Expenses	1.72	1.05
<b>TOTAL</b>	<b>191.29</b>	<b>157.13</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

- iii Corporate Social Responsibility Expenditure - spent during the year is Rs. 322.32 Lakhs (31st March 2017 Rs. 88.23 Lakhs)

Details of Corporate Social Responsibility (CSR Expenditure)

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Amount Required to be spent as per Section 135 of the Act	236.06	230.26
Amount Spent in cash during the year on :		
i - Construction / Acquisition of an Assets	-	-
ii - On Purposes other than (i) above	322.32	88.23

### **iv Payment to Auditors**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
(a) as Auditors	43.51	38.32
(b) for Taxation Matters	-	4.50
(c) for Company Law Matters	-	2.75
(d) for Other services	-	6.00
(e) for reimbursement of Expenses	0.43	-
<b>TOTAL</b>	<b>43.94</b>	<b>51.57</b>

### **35 EXCEPTIONAL ITEMS**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Loss due to Fire	112.52	381.06
<b>TOTAL</b>	<b>112.52</b>	<b>381.06</b>

Exceptional Item during the year pertains to loss occurred due to fire in previous year at Plot No. Z31, Z32, Dahej SEZ Limited, Dahej, Bharuch, Gujarat, (India). The Company has All Risk Insurance Policy (including Loss of Profit Policy) and is fully covered for insurance claim. Against the insurance claim receivable of Rs. 2942.04 lakhs, the Company has received Rs. 2,829.52 Lakhs and charged the differential amount of Rs.112.52 Lakhs to Profit and Loss Account as Exceptional item.

### **36 OTHER COMPREHENSIVE INCOME**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Statement of Other Comprehensive Income		
<b>A Items that will not be reclassified to Profit or Loss</b>		
(i) Remeasurements of the Defined Benefit Plans	23.35	(51.67)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss	(8.16)	17.88
<b>Total (A)</b>	<b>15.19</b>	<b>(33.79)</b>
<b>B Items that will be reclassified to Profit or Loss</b>		
(i) Exchange differences in translating the Financial Statements of a foreign operation	3.36	-
(ii) Income Tax relating to items that will be reclassified to Profit or Loss	(1.17)	-
<b>Total (B)</b>	<b>2.19</b>	<b>-</b>
<b>Total (A+B)</b>	<b>17.38</b>	<b>(33.79)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****37 EARNINGS PER SHARE**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Profit attributable to Equity holders of the Parent	17,132.18	8,770.38
Weighted Average number of Equity Shares outstanding (Nos.)	25,43,14,211	25,43,14,211
Basic and Diluted Earnings Per Share (Rs.)	6.74	3.45
Face value per Equity Share	1	1

- 38** 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:

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;		
Principal Amount	616.98	852.19
Interest Amount	290.55	269.27
The amount of interest paid by the buyer under the MSMED Act along with the amounts of the payment made to 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 year (where the principal has been paid but interest under the MSMED Act not paid)	116.66	90.27
The amount of interest accrued and remaining unpaid at the end of accounting year; and	3.79	9.25
The amount of further interest due and payable even in the succeeding period, 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	290.55	269.27

On 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39 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 or Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

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

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Opening Balance of Defined Benefit Obligation</b>	<b>868.22</b>	<b>717.00</b>
Service Cost		
a. Current Service Cost	99.63	89.67
b. Past Service Cost	1.21	-
Interest Cost	61.86	55.28
Benefits Paid	(39.83)	(48.89)
Re-measurements		
a. Actuarial Loss/(Gain) from changes in financial assumptions	(12.58)	23.97
b. Actuarial Loss/(Gain) from experience over the past period	(25.71)	31.19
<b>Closing Balance of Defined Benefit Obligation</b>	<b>952.80</b>	<b>868.22</b>

**Table 2: Reconciliation of Fair Value of Plan Assets**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Opening Balance of Fair Value of Plan Assets at start of the period</b>	<b>480.79</b>	<b>354.97</b>
Contributions by Employer	47.63	145.35
Benefits Paid	(39.83)	(48.89)
Interest Income on Plan Assets	33.70	25.86
Re-measurements		
a. Actuarial (Loss)/Gain from changes in financial assumptions	2.74	0.77
b. Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	(17.69)	2.73
<b>Closing Balance of Fair Value of Plan Assets at end of the period</b>	<b>507.34</b>	<b>480.79</b>
Actual Return on Plan Assets	18.75	29.36

**Table 3: Expenses recognised in the Profit and Loss Account**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Service Cost		
a. Current Service Cost	99.63	89.67
b. Past Service Cost	1.21	-
Net Interest on net defined benefit liability/ (asset)	28.16	29.42
<b>Employer Expenses</b>	<b>129.00</b>	<b>119.09</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Table 4: Net Liability/ (Asset) recognised in the Balance Sheet**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Present Value of DBO	952.80	868.22
Fair Value of Plan Assets	507.34	480.79
<b>Liability/ (Asset) recognised in the Balance Sheet</b>	<b>445.46</b>	<b>387.43</b>
<b>Funded Status [Surplus/(Deficit)]</b>	<b>(445.46)</b>	<b>(387.43)</b>
<b>Experience Adjustment on Plan Liabilities: (Gain)/Loss</b>	<b>(25.71)</b>	<b>31.19</b>
<b>Experience Adjustment on Plan Assets: Gain/(Loss)</b>	<b>(17.69)</b>	<b>2.73</b>

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

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Investment Funds with Insurance Company	100%	100%
Of which, Unit Linked	10%	6%
Of which, Traditional/ Non-Unit Linked	90%	94%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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**

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Salary Growth Rate	6% p.a.	6% p.a.
Discount Rate	7.3% p.a.	7.1% p.a.
Withdrawal Rate	8% p.a.	8% p.a.
Mortality	IALM 2006-08 Ult.	IALM 2006-08 Ult.
Expected Return on Plan Assets	7.1% p.a.	7.7% p.a.
Expected weighted average remaining working life	5 years	5 years

**Table 7: Movement in Other Comprehensive Income**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Balance at start of period (Loss)/Gain</b>	<b>(48.58)</b>	<b>3.08</b>
Re-measurements on DBO		
a. Actuarial (Loss)/Gain from changes in financial assumptions	12.58	(23.97)
b. Actuarial (Loss)/Gain from experience over the past period	25.71	(31.19)
Re-measurements on Plan Assets		
a. Actuarial (Loss)/Gain from changes in financial assumptions	2.74	0.77
b. Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/(asset)	(17.69)	2.73
<b>Balance at end of period (Loss)/Gain</b>	<b>(25.24)</b>	<b>(48.58)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Table 8: Sensitivity Analysis**

Financial Year ended March 31, 2018	Increases 1%	Decreases 1%
Salary Growth Rate	DBO increases by Rs 40.87 Lakhs	DBO decreases by Rs 37.83 Lakhs
Discount Rate	DBO decreases by Rs 37.05 Lakhs	DBO increases by Rs 40.75 Lakhs
Withdrawal Rate	DBO increases by Rs 0.94 Lakhs	DBO decreases by Rs 1.14 Lakhs
Mortality (increase in expected lifetime by 1 year)	DBO decreases by Rs 0.13 Lakhs	
Mortality (increase in expected lifetime by 3 years)	DBO decreases by Rs 0.26 Lakhs	
Financial Year ended March 31, 2017	Increases 1%	Decreases 1%
Salary Growth Rate	DBO increases by Rs 34.43 Lakhs	DBO decreases by Rs 31.78 Lakhs
Discount Rate	DBO decreases by Rs 31.18 Lakhs	DBO increases by Rs 34.40 Lakhs
Withdrawal Rate	DBO increases by Rs 0.31 Lakhs	DBO decreases by Rs 0.45 Lakhs
Mortality (increase in expected lifetime by 1 year)	DBO decreases by Rs 0.06 Lakhs	
Mortality (increase in expected lifetime by 3 years)	DBO decreases by Rs 0.15 Lakhs	

**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 analysis.

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

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Surplus/ (Deficit) at start of period</b>	<b>(387.43)</b>	<b>(362.03)</b>
Movement during the period		
Current Service Cost	(99.63)	(89.67)
Past Service Cost	(1.21)	-
Net Interest on net DBO	(28.16)	(29.42)
Actuarial gain/ (loss)	23.34	(51.66)
Contributions	47.63	145.35
<b>Surplus/ (Deficit) at end of period</b>	<b>(445.46)</b>	<b>(387.43)</b>

**(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 Rs. 139.85 lakhs (March 31, 2017 Rs. 106.72 lakhs) as expense in Note 32 under the head 'Contributions to Provident and Other Funds'.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 40 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

#### A Claims against the Company not acknowledged as liabilities (excluding interest and penalty)

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Disputed Income-Tax Liability	354.25	176.02
Disputed Excise Duty Liability	1965.67	3548.62
Disputed Service Tax Liability	434.21	479.68
Disputed Custom Duty	621.83	621.83
Disputed Value Added Tax Liability	87.04	229.13
Disputed Labour Law Compliance Liabilities	63.88	63.88
(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	6,081.88	2,587.29
In respect of Guarantee		
- Corporate Guarantee Given	2,500.00	2,500.00
Others	1,338.25	207.14

#### B CAPITAL COMMITMENTS

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Estimated amount of Contracts pending execution on Capital Accounts and not provided for (net of Advances)	21,293.34	2,793.37

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 41 SEGMENT REPORTING

#### A Analysis By Business Segment

Financial year ended March 31, 2018 :

(₹ in Lakhs)

Revenue	Pigments	Agro Chemicals	Basic Chemical	Others *	Elimination	Total
External Sales	54,122.86	64,015.13	57,011.74	6,304.40	-	1,81,454.13
Other Operating Revenue	1,298.63	1,497.95	40.87	25.43	-	2,862.88
Inter-segment Sales	4,124.30	176.93	4,436.66	-	(8,737.89)	-
<b>Total Revenue</b>	<b>59,545.79</b>	<b>65,690.01</b>	<b>61,489.27</b>	<b>6,329.83</b>	<b>(8,737.89)</b>	<b>1,84,317.01</b>
<b>Results</b>						
Segment Results	7,554.56	8,492.97	20,383.30	426.98	233.56	37,091.37
Un-allocable (Expenses)/Income						(421.78)
<b>Profit from Operation</b>						<b>36,669.59</b>
Finance Cost						(3,987.14)
Investments Income						1.54
<b>Profit before Exceptional Items</b>						<b>32,683.99</b>
Exceptional Items						(112.52)
<b>Profit Before Tax</b>						<b>32,571.47</b>
Income Tax Expenses						(7,336.14)
Deferred Tax (Expenses)/Income						(1,442.62)
<b>Profit After Tax</b>						<b>23,792.71</b>

(₹ in Lakhs)

Other information	Pigments	Agro Chemicals	Basic Chemicals	Others*	Elimination	Total
Capital Addition	5,272.22	6,166.95	8,131.19	450.46	450.31	20,471.13
Depreciation	(2,167.32)	(2,093.00)	(5,527.15)	(6.24)	316.45	(9,477.26)
Non-Cash Items	355.08	(664.02)	291.18	(98.71)	(49.68)	(166.14)

(₹ in Lakhs)

Balance sheet	Pigments	Agro Chemicals	Basic Chemicals	Others*	Elimination	Total
Assets						
Segment Assets	61,435.64	51,452.30	66,282.70	13,917.55	(36,630.49)	1,56,457.70
Un-allocable Assets						25,383.60
<b>Total assets</b>						<b>1,81,841.30</b>
Liabilities						
Segment Liabilities	26,394.29	24,986.12	15,004.72	1,761.52	(13,111.02)	55,035.63
Unallocable Liabilities						12,560.12
Deferred Tax Liabilities						5,055.14
<b>Total Liabilities</b>						<b>72,650.89</b>

\*Others includes Trading Activity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended March 31, 2017 :

(₹ in Lakhs)

Revenue	Pigments	Agro Chemicals	Basic Chemical	Others *	Elimination	Total
External Sales	51,617.51	51,085.22	41,192.94	8,065.37	-	1,51,961.04
Other Operating Revenue	986.83	1,204.17	13.66	127.10	-	2,331.76
Inter-segment Sales	3,151.84	-	3,205.83	106.82	(6,464.49)	-
<b>Total Revenue</b>	<b>55,756.18</b>	<b>52,289.39</b>	<b>44,412.43</b>	<b>8,299.29</b>	<b>(6,464.49)</b>	<b>1,54,292.80</b>
<b>Results</b>						
Segment Results	7,035.04	3,155.90	8,925.07	643.82	976.74	20,736.57
Un-allocable (Expenses)/Income						309.51
<b>Profit from Operation</b>						<b>21,046.08</b>
Finance Cost						(5,088.83)
<b>Profit before Exceptional Items</b>						<b>15,957.25</b>
Exceptional Items						(381.06)
<b>Profit Before Tax</b>						<b>15,576.19</b>
Income Tax Expenses						(4,027.69)
Deferred Tax (Expenses)/Income						72.45
<b>Profit After Tax</b>						<b>11,620.95</b>

(₹ in Lakhs)

Other information	Pigments	Agro Chemicals	Basic Chemicals	Others*	Elimination	Total
Capital Addition	2,888.44	1,175.00	2,271.33	733.18	-	7,067.95
Depreciation	(1,950.54)	(1,890.59)	(5,543.01)	(10.50)	322.27	(9,072.37)
Non-Cash Items	(320.59)	(345.15)	489.95	10.99	-	(164.80)

(₹ in Lakhs)

Balance sheet	Pigments	Agro Chemicals	Basic Chemicals	Others*	Elimination	Total
<b>Assets</b>						
Segment Assets	62,009.44	54,385.67	52,122.06	3,870.33	(15,650.83)	1,56,736.67
Un-allocable Assets						1,792.52
<b>Total assets</b>						<b>1,58,529.19</b>
<b>Liabilities</b>						
Segment Liabilities	25,834.56	25,660.84	16,574.13	3,592.60	(3,868.92)	67,793.21
Unallocable Liabilities						565.11
Deferred Tax Liabilities						2,851.42
<b>Total Liabilities</b>						<b>71,209.74</b>

\*Others includes Trading Activity

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**B ANALYSIS BY GEOGRAPHICAL SEGMENT**

**(i) Segment Revenue**

Segment revenue is analysed based on the location of customers regardless of where the goods are produced.. The following provides an analysis of the Group Sales by Geographical Markets

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Revenue:		
Within India	95,580.78	74,367.61
Outside India	88,736.23	79,925.19
<b>TOTAL</b>	<b>1,84,317.01</b>	<b>1,54,292.80</b>

Segment Assets, Liability and Capital Expenditure are analysed based on location of those assets. Capital Expenditure includes the total cost incurred to purchase Property, Plant and Equipment.

**(ii) - Segment Assets**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Within India	1,60,909.05	1,31,259.20
Outside India	20,932.24	27,269.99
<b>TOTAL</b>	<b>1,81,841.29</b>	<b>1,58,529.19</b>

**(iii) Segment Liability**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Within India	68,610.91	56,857.00
Outside India	4,039.98	14,352.74
<b>TOTAL</b>	<b>72,650.89</b>	<b>71,209.74</b>

**(iv) Segment Capital Expenditure**

PARTICULARS	(₹ in Lakhs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Within India	20,471.13	7,067.95
Outside India	-	-
<b>TOTAL</b>	<b>20,020.83</b>	<b>7,067.95</b>

The following is an analysis of the carrying amount of Non-Current Assets, which do not include Deferred Tax Assets, Income Tax Assets and Financial Assets analysed by the geographical area in which the Assets are located:

PARTICULARS	(₹ in Lakhs)	
	2017-2018	2016-2017
Carrying amount of Segment Assets		
Within India	94,985.60	81,046.97
Outside India	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Notes**

- (1) The Company is divided into three segments. These segments are the basis for management control and hence form the basis for reporting. The business of each segment comprises of:
  - a) Agro Business - The Company's operation includes manufacture and marketing of Technical, Intermediates and Formulation of Insecticides and Herbicides.
  - b) Pigment Business - The Company's operation includes manufacture and marketing of Phthalocynine Green 7, Copper Phthalocynine Blue (CPC), Alpha Blue and Beta Blue.
  - c) Basic Chemicals - Chemicals undergo processing in many stages before being converted into downstream Chemicals which are used by the Agriculture Sector, Industry and also directly by the Consumers. The Caustic – Chlorine and Caustic Potash to be manufactured fall under the category of Basic Chemicals.
- (2) Segment Revenue in the Geographical Segments considered for disclosure are as follows:
  - a) Revenue in India includes sales to Customers located within India.
  - b) Revenue outside India includes sales to Customers located other than above Geographic segment.
- (3) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the Segments and amounts allocated on a reasonable basis.
- (4) Based on "management approach" defined under Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly information has been presented along these Segments.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **42 RELATED PARTIES DISCLOSURES :-**

- Enterprises in which Key Managerial Personnel [KMP] & their relatives have significant influence :
  - Meghmani Pigments
  - Ashish Chemicals
  - Tapsheel Enterprise
  - Meghmani Dyes & Intermediates LLP
  - Meghmani Industries Limited
  - Meghmani Chemicals Limited
  - Vidhi Global Chemicals Limited
  - Panchratna Corporation
  - Meghmani LLP (Formerly Meghmani Unichem LLP)
  - Matangi Industries LLP
  - Navratan Specialty Chemicals LLP
  - Trent Chemicals
- Key Managerial Personnel :
  - Mr. Jayanti Patel
  - Mr. Ashish Soparkar
  - Mr. Natwarlal Patel
  - Mr. Ramesh Patel
  - Mr. Anand Patel
  - Mr. Maulik Patel (Chairman & Managing Director of MFL)
  - Mr. Kaushal Soparkar (Managing Director of MFL)
  - Mr. Ankit Patel (CEO)
  - Mr. Darshan Patel (COO)
  - Mr. Karana Patel (COO)
  - Mr. Rajkumar Mehta (Chief Financial Officer w.e.f. 22.05.2017 to 31.12.2017)
  - Mr. G.S. Chahal (Chief Financial Officer w.e.f. 10.02.2018)
  - Mr. Kamlesh Mehta (Company Secretary)
  - Mr. Sanjay Jain (Chief Financial Officer of MFL)
- Relatives of Key Managerial Personnel :
  - Ms. Deval Soparkar
  - Ms. Taraben Patel
- Independent Directors :
  - Mr. Balkrishna Thakkar
  - Mr. Chinubhai Shah
  - Mr. Bhaskar Rao (From 10.02.2018)
  - Mr. C S Liew (From 10.02.2018)
  - Mr. Chander Kumar Sabharwal
  - Ms. Urvashi Shah
  - Mr. A L Radhakrishnan (w.e.f. 20.10.2017 to 10.02.2018)
  - Mr. Manubhai Patel (From 10.02.2018)
  - Ms. Nirali Parikh
  - Mr. Kantibhai Patel (Resigned on 10.02.2018)
  - Mr. Jayaraman Vishwanathan (Resigned on 08.11.2017)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****42 RELATED PARTIES DISCLOSURES :-****Transactions with Related Parties in Ordinary Course of Business**

(₹ in Lakhs)

Particulars	Enterprises in which Directors & Key Managerial Personnel [KIMP] have significant influence		Key Managerial Personnel [KIMP]		Relatives of Key Managerial Personnel		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Purchase of Goods	2,589.18	3,263.98	-	-	-	-	2,589.18	3,263.98
Sale of Goods	5,792.14	5,071.87	-	-	-	-	5,792.14	5,071.87
Availing of Services (*)			8.00	8.00	-	-	8.00	8.00
Availing of Services	261.13	239.86					261.13	239.86
Sitting Fees			21.00	18.90	-	-	21.00	18.90
Remuneration	-	-	3,426.11	471.00	12.90	48.61	3,439.01	519.61
Dividend	-	-	374.15	-	29.44	-	403.59	-
<b>Total</b>	<b>8,642.45</b>	<b>8,575.71</b>	<b>3,829.26</b>	<b>497.90</b>	<b>42.34</b>	<b>48.61</b>	<b>12,514.05</b>	<b>9,122.22</b>

**Outstanding Balances with Related Parties**

(₹ in Lakhs)

Particulars	Enterprises in which Directors & Key Managerial Personnel [KIMP] have significant influence		Key Managerial Personnel [KIMP]		Relatives of Key Managerial Personnel		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Receivables	1,641.70	1,415.52	-	-	-	-	1,641.70	1,415.52
Payables	636.70	905.34	0.29	0.29	-	-	636.99	905.63
Remuneration Payable	-	-	618.67	14.41	1,607.84	3.06	2,226.51	17.47
<b>Total</b>	<b>2,599.25</b>	<b>2,320.86</b>	<b>618.96</b>	<b>14.70</b>	<b>1,607.84</b>	<b>3.06</b>	<b>4,504.20</b>	<b>2,338.62</b>



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Terms and conditions of transactions with Related Parties**

- (1) The Company's transactions with Related Parties are at arm's length. Management believes that the Company's domestic and international 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.
- (2) For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### **42. RELATED PARTIES DISCLOSURES :-**

#### **DISCLOSURE IN RESPECT OF MATERIAL TRANSACTION WITH RELATED PARTY DURING THE YEAR:**

(₹ In Lakhs)

<b>Party Name</b>	<b>Relationship</b>	<b>Nature of Transaction</b>	<b>2017-2018</b>	<b>2016-2017</b>
Ashish Chemical	Enterprises in which Directors & KMP have significant influence	Sale of Goods	421.49	-
Ashish Chemicals EOU Unit - II	Enterprises in which Directors & KMP have significant influence	Sale of Goods	-	234.30
Meghmani Industries Limited	Enterprises in which Directors & KMP have significant influence	Sale of Goods	372.37	216.43
Meghmani Industries Limited -SEZ	Enterprises in which Directors & KMP have significant influence	Sale of Goods	393.46	379.87
Meghmani Dyes & Intermediate Ltd	Enterprises in which Directors & KMP have significant influence	Sale of Goods	96.45	442.01
Meghmani Dyes & Intermediate LLP	Enterprises in which Directors & KMP have significant influence	Sale of Goods	619.96	-
Meghmani Chemicals Limited	Enterprises in which Directors & KMP have significant influence	Sale of Goods	15.44	63.80
Meghmani Pigment	Enterprises in which Directors & KMP have significant influence	Sale of Goods	210.03	126.68
Meghmani Pigment 100% EOU	Enterprises in which Directors & KMP have significant influence	Sale of Goods	-	23.70
Vidhi Global Chemicals Limited	Enterprises in which Directors & KMP have significant influence	Sale of Goods	687.25	1,595.74
Tapsheel Enterprises	Enterprises in which Directors & KMP have significant influence	Sale of Goods	51.32	15.73
Meghmani LLP	Enterprises in which Directors & KMP have significant influence	Sale of Goods	2,847.61	-
Meghmani LLP-SEZ	Enterprises in which Directors & KMP have significant influence	Sale of Goods	68.32	-
Meghmani Unichem LLP	Enterprises in which Directors & KMP have significant influence	Sale of Goods	-	1,875.64
Navratan Speciality Chemical LLP	Enterprises in which Directors & KMP have significant influence	Sale of Goods	8.44	97.97
<b>Total</b>			<b>5,792.14</b>	<b>5,071.87</b>

Cont.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Party Name	Relationship	Nature of Transaction	2017-2018	2016-2017
Meghmani Pigment	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	1,460.19	1,297.43
Meghmani Pigment 100% EOU	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	-	3.29
Ashish Chemical	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	-	5.94
Matangi Industries	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	33.63	79.79
Vidhi Global Chemicals Limited	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	777.53	1,405.18
Meghmani Industries Limited	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	53.63	-
Navratan Speciality Chemical LLP	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	1.81	0.34
Meghmani Dyes & Intermediate Ltd	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	0.44	15.87
Meghmani Chemicals Limited	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	6.29	
Tapasheel Enterprise	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	-	0.08
Meghmani LLP	Enterprises in which Directors & KMP have significant influence	Purchase of Goods	255.67	456.06
<b>Total</b>			<b>2,589.19</b>	<b>3,263.98</b>
Panchratna Corporation	Enterprises in which Directors & KMP have significant influence	Availing of Services	261.13	234.68
Navratan Speciality Chemical LLP	Enterprises in which Directors & KMP have significant influence	Availing of Services	-	3.24
Meghmani Chemicals Limited	Enterprises in which Directors & KMP have significant influence	Availing of Services	-	1.94
<b>Total</b>			<b>261.13</b>	<b>239.86</b>
Mr. Jayanti Patel	Key Managerial Personnel	Managerial Remuneration	317.79	92.28
Mr. Ashish Soparkar	Key Managerial Personnel	Managerial Remuneration	317.67	92.28
Mr. Natwarlal Patel	Key Managerial Personnel	Managerial Remuneration	317.67	92.28
Mr. Ramesh Patel	Key Managerial Personnel	Managerial Remuneration	217.66	82.28
Mr. Anand Patel	Key Managerial Personnel	Managerial Remuneration	167.28	77.28
Mr. Karana Patel	Key Managerial Personnel	Managerial Remuneration	310.46	-
Mr. Ankit Patel	Key Managerial Personnel	Managerial Remuneration	490.36	-
Mr. Darshan Patel	Key Managerial Personnel	Managerial Remuneration	220.51	-
Mr. Maulik Patel	Key Managerial Personnel	Managerial Remuneration	490.36	-

Cont.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(₹ In Lakhs)

Party Name	Relationship	Nature of Transaction	2017-2018	2016-2017
Mr. Kaushal A Soparkar	Key Managerial Personnel	Managerial Remuneration	490.36	-
Mr. G.S Chahal	Key Managerial Personnel	Salary	9.42	-
Mr. K D Mehta	Key Managerial Personnel	Salary	22.08	19.00
Mr. R K Mehta	Key Managerial Personnel	Salary	26.67	-
Mr. Sanjay Jain	Key Managerial Personnel	Salary	27.82	21.60
<b>Total</b>			<b>3426.11</b>	<b>477.00</b>
Ms. Deval Soparkar	Relatives of Key Managerial Personnel	Salary	12.90	11.75
Mr. Karana Patel	Relatives of Key Managerial Personnel	Salary	-	7.38
Mr. Ankit Patel	Relatives of Key Managerial Personnel	Salary	-	5.62
Mr. Darshan Patel	Relatives of Key Managerial Personnel	Salary	-	4.58
Mr. Maulik Patel	Relatives of Key Managerial Personnel	Salary	-	9.92
Mr. Kaushal Soparkar	Relatives of Key Managerial Personnel	Salary	-	9.36
<b>Total</b>			<b>12.90</b>	<b>48.61</b>
Balkrishna Thakkar	Non Executive Directors	Sitting Fees	6.75	6.05
Chinubhai Shah	Non Executive Directors	Sitting Fees	6.75	6.05
Jayaraman Vishwanathan	Non Executive Directors	Sitting Fees	1.00	1.00
Kantibhai Patel	Non Executive Directors	Sitting Fees	1.75	1.50
Chander Kumar Sabharwal	Non Executive Directors	Sitting Fees	1.00	1.25
Ms. Urvashi Shah	Non Executive Directors	Sitting Fees	0.75	1.25
Mr. Arvind Patel	Non Executive Directors	Sitting Fees	0.50	0.65
Mr. Manubhai Patel	Non Executive Directors	Sitting Fees	1.00	-
Ms. Nirali Parikh	Non Executive Directors	Sitting Fees	1.50	1.15
<b>Total</b>			<b>21.00</b>	<b>18.90</b>
Mr. Jayanti Patel	Key Managerial Personnel	Dividend	74.24	-
Mr. Ashish Soparkar	Key Managerial Personnel	Dividend	98.85	-
Mr. Natwarlal Patel	Key Managerial Personnel	Dividend	102.85	-
Mr. Ramesh Patel	Key Managerial Personnel	Dividend	65.69	-
Mr. Anand Patel	Key Managerial Personnel	Dividend	32.52	-
Taraben Patel	Relatives of Key Managerial Personnel	Dividend	29.44	-
<b>Total</b>			<b>403.59</b>	<b>-</b>
Chander Kumar Sabharwal	Non Executive Director	Availing of Services	8.00	8.00
<b>Total</b>			<b>8.00</b>	<b>8.00</b>
<b>Total</b>			<b>12,514.06</b>	<b>9,122.22</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Related Party Disclosure Under IND AS 24****Outstanding Balance****(₹ in Lakhs)**

<b>Particular</b>	<b>31.3.2018</b>	<b>31.3.2017</b>
<b>Payable</b>		
Chander Kumar Sabharwal	-	0.29
Matangi Industries	-	15.46
Meghmani Chemicals Limited	10.40	4.12
Meghmani Dyes & Intermediate LLP	0.44	19.74
Meghmani Industries Ltd.	51.08	0.14
Meghmani LLP	68.93	186.42
Meghmani Pigments	503.91	445.33
Navratan Speciality Chemical LLP	1.95	1.59
Panchratna Corporation	-	11.39
Vidhi Global Chemicals Limited	-	221.16
<b>Receivables</b>		
Ashish Chemicals EOU Unit - II	150.33	0.01
Meghmani Chemicals Limited	35.61	42.71
Meghmani Dyes & Intermediate LLP	153.52	76.52
Meghmani Dyes & Intermediate LLP	-	3.72
Meghmani Industries Ltd - SEZ Unit	-	128.05
Meghmani Industries Ltd.	210.94	(14.62)
Meghmani LLP	565.64	568.31
Meghmani LLP-SEZ	-	23.05
Meghmani Pigments	48.73	38.09
Navratan Speciality Chemical LLP	5.14	4.02
Tapasheel Enterprise	5.34	1.67
Trent Chemical Industries	460.84	196.00
Vidhi Global Chemicals Limited	5.61	348.00
<b>Remuneration Payable</b>		
Jayanti Patel	152.71	-
Ashish Soparkar	152.71	-
Natwarlal Patel	150.11	-
Ramesh Patel	92.71	-
Anand Patel	62.71	-
Ankit Patel	401.36	-
Darshan Patel	161.50	-
Maulik Patel	401.36	-
Kaushal Soparkar	401.36	-
Karana Patel	241.45	-
Deval Soparkar	0.81	-
G.S Chahal	2.81	-
K D Mehta	4.90	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43 - Financial Instruments – Fair Value Hierarchy

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 is as follows:

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

	Carrying Amount			Total	Fair Value			Total
31st March 2018	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
Non-Current Investments	-	57.41	-	57.41	-	57.41	-	57.41
Current investments	7,141.81	-	-	7,141.81	7,141.81	-	-	7,141.81
Non-Current Other Financial Assets*	-	-	1,078.06	1,078.06	-	1,078.06	-	1,078.06
<b>Total Financial Assets</b>	<b>7,141.81</b>	<b>57.41</b>	<b>1,078.06</b>	<b>8,277.28</b>	<b>7,141.81</b>	<b>1,135.47</b>	<b>-</b>	<b>8,277.28</b>
<b>Financial Liabilities</b>								
Non-current Borrowings *	-	-	21,831.23	21,831.23	-	21,831.23	-	21,831.23
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>21,831.23</b>	<b>21,831.23</b>	<b>-</b>	<b>21,831.23</b>	<b>-</b>	<b>21,831.23</b>

( ₹ in Lakhs)

	Carrying Amount				Fair Value				
31st March 2017	Fair Value through Profit and Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total	( ₹ in Lakhs)
<b>Financial Assets</b>									
Non-Current Investments	-	58.53	-	58.53	-	58.53	-	58.53	
Other Financial Asset									
Current Investments	2,852.70	-	-	2,852.70	2,852.70	-	-	2,852.70	
Non-Current Other Financial Assets	-	-	1,034.85	1,034.85	-	1,034.85	-	1,034.85	
<b>Total Financial Assets</b>	<b>2,852.70</b>	<b>58.53</b>	<b>1,034.85</b>	<b>3,946.08</b>	<b>2,852.70</b>	<b>1,093.38</b>	<b>-</b>	<b>3,946.08</b>	
<b>Financial Liabilities</b>									
Non-Current Borrowings	-	-	12,170.99	12,170.99	-	12,170.99	-	12,170.99	
Non-Current Other Financial Liability	-	-	15.55	15.55	-	15.55	-	15.55	
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>12,186.54</b>	<b>12,186.54</b>	<b>-</b>	<b>12,186.54</b>	<b>-</b>	<b>12,186.54</b>	

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.

Types of inputs are as under:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****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 Group's Board of Directors have overall responsibility for the establishment and oversight of the Group's Risk Management Framework. The Group 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 Group'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 Group's operations. The Group'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 Group 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 Group 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 Group 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 Group 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 throughout 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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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 are as follows:

( ₹ in Lakhs)

Particulars	31st March 2018	31st March 2017
Domestic	18,983.18	16,834.43
Other Regions	18,466.98	16,256.59
<b>Total</b>	<b>37,450.16</b>	<b>33,091.02</b>

### **Age of Receivables**

( ₹ in Lakhs)

Particulars	31st March 2018	31st March 2017
Neither due nor impaired	23,212.46	20,516.15
Past due 1-90 days	9,426.51	7,702.09
Past due 91-180 days	2,660.78	2,386.30
More than 180 days	2,150.41	2,486.48
<b>Total</b>	<b>37,450.16</b>	<b>33,091.02</b>

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 the amount of provision of Rs. 226.72 lakhs (March 31, 2017: NIL) is appropriate.

### **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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Exposure to Currency Risk

The currency profile of financial assets and financial liabilities as at March 31, 2018 and 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)

Particulars	31 <sup>st</sup> March 2018 Total	31 <sup>st</sup> March 2018 USD	31 <sup>st</sup> March 2018 EURO	31 <sup>st</sup> March 2018 INR
<b>Financial Assets</b>				
Trade and Other Receivables	37,450.16	11,665.25	4,243.16	21,541.75
Less - Forward Contract For Selling Foreign Currency	(14,227.60)	(10,590.94)	(3,636.66)	-
<b>Total</b>	<b>35,780.92</b>	<b>1,074.31</b>	<b>606.50</b>	<b>21,541.75</b>
<b>Financial Liabilities</b>				
Short Term Borrowings	8,141.79	1,955.25	-	6,186.54
Trade and Other Payables	19,506.15	2,299.94	27.63	17,178.58
Other Current Financial Liabilities	15,136.15	76.53	15.59	15,044.03
<b>Total</b>	<b>64,615.32</b>	<b>4,331.72</b>	<b>43.22</b>	<b>38,409.15</b>

( ₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2017 Total	31 <sup>st</sup> March 2017 USD	31 <sup>st</sup> March 2017 EURO	31 <sup>st</sup> March 2017 INR
<b>Financial Assets</b>				
Trade and Other Receivables	33,091.02	14,736.30	785.21	17,569.51
Less - Forward Contract For Selling Foreign Currency	(2,431.88)	(2,431.88)	-	-
<b>Total</b>	<b>41,420.90</b>	<b>12,304.42</b>	<b>785.21</b>	<b>17,569.51</b>
<b>Financial Liabilities</b>				
Trade and Other Payables	16,304.31	829.52	41.46	15,433.33
Other Current Financial Liabilities	11,963.51	2,299.38	-	-
Less - Forward Contract For Buying Foreign Currency (Term Loan)	(397.16)	(397.16)	-	-
Less - Forward Contract For Buying Foreign Currency	(158.06)	(158.06)	-	-
<b>Total</b>	<b>64,860.35</b>	<b>4,630.92</b>	<b>41.46</b>	<b>15,433.33</b>

### Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US Dollars and Euro at March 31 would have affected the measurement of financial instruments denominated in US Dollars and Euro 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.

Effect in INR	Profit or (Loss)		Equity, Net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>March 31, 2018</b>				
<b>3% movement</b>				
USD	(97.72)	97.72	(63.90)	63.90
EUR	16.90	(16.90)	11.05	(11.05)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Profit or (Loss)		Equity, Net of Tax	
Effect in INR	Strengthening	Weakening	Strengthening	Weakening
<b>March 31, 2017</b>				
<b>3% movement</b>				
USD	230.21	(230.21)	150.54	(150.54)
EUR	22.31	(22.31)	14.59	(14.59)

### 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 a balanced portfolio of fixed and variable rate loans and borrowings.

### Exposure to Interest Rate Risk

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

Variable-Rate Instruments	₹ in Lakhs	
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Non Current - Borrowings	21,831.23	12,170.99
Current portion of Long term borrowings	8,608.77	8,963.18
<b>Total</b>	<b>30,440.00</b>	<b>21,134.17</b>

### Cash Flow sensitivity analysis for variable-rate instruments

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

Particulars	Profit or Loss		Equity, Net of Tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31st March 2018</b>				
Non Current - Borrowings	(218.31)	218.31	(142.76)	142.76
Current portion of Long Term Borrowings	(86.09)	86.09	(56.29)	56.29
<b>Total</b>	<b>(304.40)</b>	<b>304.40</b>	<b>(199.05)</b>	<b>199.05</b>
<b>31st March 2017</b>				
Non Current - Borrowings	(121.71)	121.71	(79.59)	79.59
Current portion of Long Term Borrowings	(89.63)	89.63	(58.61)	58.61
<b>Total</b>	<b>(211.34)</b>	<b>211.34</b>	<b>(138.20)</b>	<b>138.20</b>

### Equity Price Risk:

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The investment in listed equity securities are not significant.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****iii. Liquidity Risk**

Liquidity risk is the risk that the Group 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 Group 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.

(₹ in Lakhs)

31 <sup>st</sup> March, 2018	Contractual Cash Flows					
	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 years
<b>Non-Derivative Financial Liabilities</b>						
Rupee Term Loans from Banks						
HDFC Bank Limited	1,900.00	1,900.00	610.00	620.00	670.00	-
SBI Bank Limited	5,847.26	5,847.26	1,972.26	2,050.00	1,825.00	-
ICICI Bank Limited	13,992.74	14,002.74	5,252.74	2,500.00	6,250.00	-
AXIS Bank Limited	8,700.00	8,700.00	725.00	1,450.00	6,525.00	-
<b>Total</b>	<b>30,440.00</b>	<b>30,450.00</b>	<b>8,560.00</b>	<b>6,620.00</b>	<b>15,270.00</b>	<b>-</b>
Working Capital Loans from Banks	8,141.79	8,141.79	8,141.79	-	-	-
Trade and Other Payables	19,506.15	19,506.15	19,506.15	-	-	-

(₹ in Lakhs)

31 <sup>st</sup> March, 2017	Contractual Cash Flows					
	Carrying amount	Total	1 Year or Less	1-2 years	2-5 years	More than 5 years
<b>Non-Derivative Financial Liabilities</b>						
Rupee Term Loans from Banks						
HDFC Bank Limited	2,400.00	2,400.00	600.00	600.00	1,200.00	-
SBI Bank Limited	7,909.17	7,909.17	1,984.17	2,050.00	3,875.00	-
ICICI Bank Limited	8,045.72	8,045.72	4,475.29	3,570.43	-	-
<b>Total</b>	<b>18,354.89</b>	<b>18,354.89</b>	<b>7,059.46</b>	<b>6,220.43</b>	<b>5,075.00</b>	<b>-</b>
Foreign Currency Term Loans from Banks						
International Finance Corporation	2,779.29	2,779.29	1,852.86	926.43	-	-
Working Capital Loans from Banks	24,961.21	24,961.21	24,961.21	-	-	-
Trade and Other Payables	16,304.31	16,304.31	16,304.31	-	-	-

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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 Group to manage risk concentrations at both the relationship and industry levels

### **44(A) INFORMATION ABOUT SUBSIDIARIES**

The Group's Subsidiaries at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business/ Country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interest		Principal Activities
		31st March 2018	31st March 2017	31st March 2018	31st March 2017	
Meghmani Finechem Limited	India	57.16%	57.16%	42.84%	42.84%	Manufacturing of Basic Chemical
Meghmani Organics USA INC	USA	100.00%	100.00%	0.00%	0.00%	Trading
PT Meghmani Organics	Indonesia	100.00%	100.00%	0.00%	0.00%	Trading of Pigment & Chemicals
Meghmani Agrochemical Private Limited	India	100.00%	100.00%	0.00%	0.00%	Manufacturing of Agro Chemicals
Meghmani Overseas FZE	Dubai	100.00%	100.00%	0.00%	0.00%	Trading of Agro Chemicals

### **44(B) KEY FIGURES OF SUBSIDIARY HAVING NON-CONTROLLING INTERESTS (NCI) THAT ARE MATERIAL TO THE GROUP**

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

#### **Summarised Balance Sheet**

PARTICULARS	Meghmani Finechem Limited	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Current Assets	18,669.85	10,982.51
Non-Current Assets	48,414.39	41,761.96
Current Liabilities	15,235.32	12,048.27
Non-Current Liabilities	116.11	4,524.14
<b>Net Assets</b>	<b>51,732.81</b>	<b>36,172.06</b>
<b>Net Assets Attributable to Accumulated (NCI)</b>	<b>22,136.75</b>	<b>15,474.01</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Summarised Statement of Profit and Loss

PARTICULARS	Meghmani Finechem Limited	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Total Revenue	61,895.22	44,584.42
Expenses	42,378.35	37,079.79
Profit Before Tax	19,516.87	7,504.63
Tax Expenses	3,969.42	850.65
Profit After Tax	15,547.45	6,653.98
Other Comprehensive Income	5.17	(14.13)
<b>Total Comprehensive Income</b>	<b>15,552.62</b>	<b>6,639.85</b>
Total Comprehensive Income to NCI	6,662.75	2,844.52

### Summarised Cash Flows

PARTICULARS	Meghmani Finechem Limited	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Cash Flows from Operating Activities	22,489.36	13,845.20
Cash Flows from Investing Activities	(16,658.79)	(6,288.67)
Cash Flows from Financing Activities	(5,831.81)	(7,604.51)
<b>Net Increase/ (decrease) in Cash and Cash Equivalents</b>	<b>(1.24)</b>	<b>(47.99)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**44(C) ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III**

( ₹ in Lakhs)

Name of the Entity in the Group	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Other Comprehensive Income	Amount	As % of Total Comprehensive Income	Amount
<b>A Parent</b>								
Meghmani Organics Limited								
31st March 2018	64.01%	69,893.14	32.85%	7,816.47	53.99%	10.02	32.87%	7,826.49
31st March 2017	72.96%	63,704.42	39.28%	4,564.49	58.17%	(19.65)	39.22%	4,544.84
<b>B Subsidiaries</b>								
<b>(i) Indian</b>								
Meghmani Finechem Limited								
31st March 2018	14.94%	16,314.38	37.18%	8,846.29	15.95%	2.96	37.17%	8,849.25
31st March 2017	8.56%	7,473.93	33.56%	3,900.24	23.92%	(8.08)	33.59%	3,892.16
Meghmani Agrochemicals Pvt.Ltd.								
31st March 2018	-0.03%	(28.98)	-0.12%	(28.98)	0%	-	-0.12%	(28.98)
31st March 2017	0.00%	-	0.00%	-	0%	-	0.00%	-
<b>(ii) Foreign</b>								
Meghmani Organics USA INC								
31st March 2018	0.44%	477.13	0.25%	58.52	0%	-	0.25%	58.52
31st March 2017	0.48%	418.82	1.92%	222.66	0%	-	1.92%	222.66
PT Meghmani Organics Indonesia								
31st March 2018	-0.11%	(119.35)	-0.02%	(4.04)	0%	-	-0.02%	(4.04)
31st March 2017	-0.61%	(528.33)	0.21%	24.45	0%	-	0.21%	24.45
Meghmani Europe BVBA, Belgium								
31st March 2018	0.00%	-	0.00%	0%	0%	-	0.00%	-
31st March 2017	0.85%	739.80	0.00%	0%	0%	-	0.00%	-
Meghmani Overseas FZE Dubai								
31st March 2018	0.47%	517.34	1.99%	473.21	0%	-	1.99%	473.21
31st March 2017	0.04%	36.80	-0.12%	(14.01)	0%	-	-0.12%	(14.01)
<b>Non-controlling interest in all subsidiaries</b>								
31st March 2018	20.27%	22,136.75	27.87%	6,630.07	11.96%	2.22	27.85%	6,632.29
31st March 2017	17.72%	15,474.01	25.15%	2,923.13	17.91%	(6.05)	25.18%	2,917.08
<b>Other Comprehensive Income</b>								
31st March 2018	0.00%	-	0.00%	-	18.10%	3.36	0.01%	3.36
31st March 2017	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Total</b>								
31st March 2018	100.00%	1,09,190.41	100.00%	23,791.54	100.00%	18.56	100.00%	23,810.10
31st March 2017	100.00%	87,319.45	100.00%	11,620.96	100.00%	(33.78)	100.00%	11,587.18

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****45. 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 Group 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 Group 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 Group 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 and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

PARTICULARS	(` in Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Total Interest bearing Liabilities	38,581.79	46,095.38
Less : Cash and Cash Equivalent	425.50	206.10
<b>Adjusted Net Debt</b>	<b>38,156.29</b>	<b>45,889.28</b>
Total Equity	87,053.66	71,845.44
<b>Adjusted Equity</b>	<b>87,053.66</b>	<b>71,845.44</b>
Adjusted Net Debt to Adjusted Equity Ratio	0.44	0.64

**46. EVENTS OCCURRED AFTER REPORTING DATE**

Subsequent to the year end, the Company has further invested Rs. 22,119.66 lakhs in Redeemable Preference Share Capital of Meghmani Agrochemicals Pvt. Ltd. (MACPL). MACPL on hand acquired 24.97% stake of International Financial Corporation (IFC) in Meghmani Finechem Limited (MFL), thereby giving IFC an exit from MFL.

47. 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	Amount before reclassification	Adjustment	Amount after reclassification
<b>Non-Current Assets</b>			
(i) Deferred tax assets (net)	-	(522.23)	522.23
(g) Current Tax Assets (Net)	-	(1,835.04)	1,835.04
(h) Other Non-Current Assets	542.54	(780.23)	1,322.77
<b>Current Assets</b>			
(b) Financial Assets			
(iv) Loans	-	(28.49)	28.49
(v) Other Financial Assets	5,800.08	32.36	5,767.72
(c) Current Tax Assets (Net)	1,792.52	1,792.52	-
(c) Other Current Assets	7,802.38	698.28	7,104.10
<b>TOTAL ASSETS</b>		<b>(642.83)</b>	
<b>Non-Current Liabilities</b>			
(c) Deferred Tax Liabilities (Net)	2,851.42	(522.23)	3,373.65
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(ii) Trade Payables	16,346.19	41.88	16,304.31
(iii) Other Financial Liabilities	11,921.63	(41.88)	11,963.51
(b) Other Current Liabilities	1,307.92	(78.08)	1,386.00
(c) Current Tax Liabilities (Net)	542.10	(42.52)	584.62
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>(642.83)</b>	

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  
Membership No : 101974

G S Chahal  
Chief Financial Officer

K. D. Mehta  
Company Secretary

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

**For and on behalf of the Board of Directors of  
Meghmani Organics Limited**  
(CIN NO-24110GJ1995PLC024052)

J.M.Patel - Executive Chairman (DIN - 00027224)  
A.N.Soparkar - Managing Director (DIN - 00027480)  
N.M.Patel - Managing Director (DIN - 00027540)

Place : Ahmedabad  
Date : 26<sup>th</sup> May 2018

**Statement of Sailable features of Financial Statement of Subsidiaries / Associates / Joint ventures  
as per Section 129(3) of the Companies Act 2013**

**Part - "A" : Subsidiaries**

**Details of Subsidiary Companies as on 31.03.2018**

(₹ in Lakhs)

Sr. No.	Name of Subsidiary	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	PBT	Provision for Tax	PAT	Proposed Dividend
1	Meghmani Finechem Limited	7,076.00	44,656.81	67,084.24	15,351.43	7,141.81	61,895.22	19,516.87	3,969.42	15,547.45	-
2	Meghmani USA INC	139.70	535.93	1,865.66	1,190.03	-	4,283.25	112.71	32.59	80.13	-
3	P T Meghmani Indonesia	123.30	(119.35)	77.39	73.44	-	-	(4.04)	-	(4.04)	-
4	Meghmani Overseas FZE	4.56	517.34	625.75	103.85	-	1,235.11	473.21	-	473.21	-
5	Meghmani Agrochemicals Private Limited	10,986.54	(28.98)	10,986.10	(0.44)	-	-	(28.98)	-	(28.98)	-



**MEGHMANI ORGANICS LIMITED**

**CIN L24110GJ1995PLC024052**

**Registered Office:** Plot No. 184, (Phase II), G.I.D.C. Industrial Estate, Vatva, Ahmedabad - 382 445.

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS** hereby given that **Twenty Fourth Annual General Meeting** of the Company will be held on **Friday, 27th July, 2018 at 10.00 a.m.** at J B Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad -380 015 to transact the following businesses:-

**ORDINARY BUSINESS:-**

1. To receive, consider, and adopt:
  - (i) the Audited Standalone Financial Statement of the Company for the Financial Year ended 31st March, 2018 together with report of the Board of Directors and Auditors thereon and
  - (ii) the Audited Consolidated Financial Statement of the Company for the Financial Year ended on 31st March, 2018 together with report of Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Jayanti Patel (DIN 00027224), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anand Patel (DIN 00027836), who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit to pass the following resolution with or without modification, if any, as an **Ordinary Resolution**:-

**RATIFICATION OF AUDITORS AND JOINT AUDITORS AND FIX THEIR REMUNERATION:-**

**“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.”

**“RESOLVED FURTHER THAT** Ernst & Young LLP, Chartered Accountants, Singapore, be and is hereby appointed as Joint auditors of the Company under the International Financial Reporting Standards (IFRS) (for Singapore Exchange Listing Rules Requirement) to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting (AGM) of the Company to be held in the year 2019.” At such remuneration as may be mutually agreed upon and fixed by the Board of Directors of the Company.”

**SPECIAL BUSINESS:-**

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

**APPOINTMENT OF MR. MANUBHAI KHODIDAS PATEL AS DIRECTOR (DIN 00132045)**

**“RESOLVED THAT** pursuant to provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 **Mr. Manubhai Khodidas Patel (DIN 00132045)** who was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, on 10th February 2018, and who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company.”

## NOTICE OF ANNUAL GENERAL MEETING

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

**APPOINTMENT OF MR. BHASKAR RAO AS DIRECTOR (DIN 08058946)**

**“RESOLVED THAT** pursuant to provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 **Mr. Bhaskar Rao (DIN 08058946)** Resident of Singapore was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, on 10th February 2018 and who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company.”

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

**APPOINTMENT OF MR. C. S. LIEW AS DIRECTOR (DIN 08065615)**

**“RESOLVED THAT** pursuant to provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 **Mr. C. S. Liew (DIN 08065615)** Resident of Singapore was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, on 10th February 2018 and who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Independent Director of the Company.”

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

**APPOINTMENT OF COST AUDITOR OF THE COMPANY FOR FY 2018-19**

**“RESOLVED THAT** in accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 M/s. Kiran J Mehta & Co. Cost Accountants Ahmedabad (having Firm's Registration No. 000025), be and is hereby appointed as Cost Auditor of the Company for conducting the audit of the cost records of the Company for the Financial Year 2018-2019 at a remuneration of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) per annum (apart from reimbursement of pocket expenses incurred for the purpose of Audit).”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), 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.”

10. 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 / Interested Parties for Sales of Pigment and Agrochemical products manufactured by the Company from time to time and purchase of chemical product manufactured by 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 OF ANNUAL GENERAL MEETING**

Sr. No.	Name of Related Parties	Nature of Interest/ Relationship	Nature of Transaction	Amount (₹ In Crores Per Annum)
1.	Meghmani Organics USA Inc,	Wholly owned Subsidiary.	Sale/Purchase of Chemical Products	90
2.	Meghmani Overseas FZE	Wholly owned Subsidiary.	Sale/Purchase of Chemical Products	20
3.	Meghmani Finechem Limited	Subsidiary Company.	Sale/Purchase of Chemical Products	80
4.	Tapsheel Enterprise	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	5
5.	Vidhi Global Chemicals Limited	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	75
6.	Meghmani LLP	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	10
7.	Meghmani Chemicals Limited	Directors /Relatives hold more than 2%	Sale/Purchase of Chemical Products	2
8.	Meghmani Industries Limited	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	5
9.	Meghmani Dyes & Intermediates LLP	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	5
10.	Meghmani Pigment	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	20
11.	Ashish Chemicals	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	10
12.	Matangi Industries LLP	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	5
13.	Panchratna Corporation	Directors /Relatives hold more than 2%.	Rent Payment	5
14.	Navratan Speciality Chemicals LLP	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	5
15.	Trent Chemical Industries	Directors /Relatives hold more than 2%.	Sale/Purchase of Chemical Products	5

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, in relation to the above and to settle all matters arising out of and incidental thereto, and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effects to this Resolution.”

**Registered Office:**  
184, PHASE II, GIDC INDUSTRIAL ESTATE,  
VATVA, AHMEDABAD 382 445  
Date: 26.05.2018

**By Order of the Board**  
**K D MEHTA**  
**COMPANY SECRETARY**  
**FCS - 2051**

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.
3. As per Section 105 of the Companies Act, 2013 and Rules 7.17 thereof a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% percent of the total share capital of the Company.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from **21st July, 2018 to 27th July, 2018** (both days inclusive) for the purpose of Annual General Meeting.
6. If a dividend is declared at the Annual General Meeting, the payment of such dividend will be made to those Members of the Company whose names stand on the Register of Members of the Company **on July 27, 2018**. The dividend in respect of shares held in dematerialized form in the Depository System will be paid to the beneficial owners of shares as **on July 20, 2018**, as per the list provided by the Depositories for this purpose. The dividend will be payable on and from **August 06, 2018**.
7. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, if any. **The Company or its Registrars cannot act on any request received directly from Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.**  
Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios are requested to write to Link Intime India Private Limited - the Registrar and Share Transfer Agent.
9. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
10. **The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to Link Intime India Private Limited - the Registrar and Share Transfer Agent.**
11. Details in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
12. Electronic Copy of the **Annual Report for 2017- 18** is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2017-18 is being sent in the permitted mode.

13. Electronic copy of the Notice of the 24th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 24th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
14. Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website **www.meghmani.com** for their download. The physical copies of the relevant documents mentioned in accompanying Notice will be available at the Company's Registered Office in Ahmedabad for inspection during normal business hours on all working days except Saturdays till the date of Annual General Meeting.
15. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email ID: **helpdesk@meghmani.com**
16. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
17. Members are requested to provide their client ID and DP ID numbers at the meeting for easy identification.
18. **Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 (Seven) days before the date of the Meeting so that the information required may be made available at the Meeting.**
19. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with **Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company.**
20. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be, transferred to the Investor Education and Protection Fund as per Section 125 of the Companies Act, 2013.
21. **Voting through electronic means**  
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 24th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

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## NOTES:

**The instructions for Shareholders voting electronically are as under**

- (i) The voting period begins on **24th July, 2018 at 9.00 AM and ends on 26th July, 2018 at 5 PM**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **20th July, 2018**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Shareholders should log on to the e-voting website **www.evotingindia.com**.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in Demat Form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as Physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the Sequence Number. The Sequence Number will be intimated to such member by way of a letter.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the Depository or Company, please enter the member ID / Folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the **EVS of Meghmani Organics Limited**.
- (xii) On the voting page, you will see **"RESOLUTION DESCRIPTION"** and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for IOS, Android and Window based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **[www.evotingindia.com](http://www.evotingindia.com)** and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **[helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)**.
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to **[helpdeskevoting@cdslindia.com](mailto:helpdeskevoting@cdslindia.com)** and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at **[www.evotingindia.com](http://www.evotingindia.com)**, under help section or write an email to **[helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)**.

**CONTACT DETAILS :-**

COMPANY	MEGHMANI ORGANICS LIMITED “MEGHMANI HOUSE”, B/H SAFAL PROFITAIRE, CORPORATE ROAD, PRAHALADNAGAR, AHMEDABAD- 380 015 E-MAIL:- <b><a href="mailto:helpdesk@meghmani.com">helpdesk@meghmani.com</a></b>
REGISTRAR AND TRANSFER AGENT	LINK INTIME INDIA PRIVATE LIMITED C 101, 247 PARK, L.B.S.MARG, VIKHROLI (WEST), MUMBAI - 400083. Tel: +91 022 - 4918 6270, Fax: +91 22 4918 6060 E-MAIL :- <b><a href="mailto:rrt.helpdesk@linkintime.co.in">rrt.helpdesk@linkintime.co.in</a></b>
E-VOTING AGENCY	CENTRAL DEPOSITORY SERVICES [INDIA] LIMITED E-MAIL:- <b><a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a></b>
SCRUTINIZER	MR. MUKESH KHANDWALA – Chartered Accountants M/S CNK KHANDWALA & ASSOCIATES E-MAIL - <b><a href="mailto:mukesh@cnkkhandwala.com">mukesh@cnkkhandwala.com</a></b>

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

### **ITEM NO. 6:**

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

Mr. Manubhai Patel (DIN 00132045), 67 years is a member of the Institute of Chartered Accountants of India (ICAI) since 1976.

Mr. Manubhai Patel has more than 36 years' of association with Zydus group of Companies. During the tenure, Mr. Manubhai Patel was heading Finance and Taxation. Mr. Manubhai Patel also has very rich experience, expertise and in-depth insights in the field of Forex, Treasury and Credit Management.

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

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

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

Keeping in view of vast experience, expertise, and knowledge in the field of Finance and Taxation, the candidature of Mr. Manubhai Patel your directors recommend his appointment as Independent Director of the Company.

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

### **ITEM NO. 7:**

#### **APPOINTMENT OF MR. BHASKAR RAO AS DIRECTOR (DIN 08058946)**

Mr. Bhaskar Rao, 60 years, is resident in Singapore. Mr Rao has done his BA and Post Graduate Diploma in Management (Indian Institute of Management, Calcutta).

Presently, Mr. Rao is an Independent consultant in the field of Finance, Legal and Commercial Partnerships. He is an internationally seasoned Marketing, Communications & Advertising Expert with 30+ years of 'across-the-board' experience in building globally competitive businesses by designing and delivering innovative advertising campaigns to drive consumer excitement incentivize purchase, grow sales revenue and profitability to unprecedented levels. Over the years, he has held various positions in emerging markets of India, Singapore, and Indonesia, working closely with the Senior business leaders to transform & strengthen structures & processes through strategic communication planning, talent development and executive partnerships.

Mr. Rao has worked with some of the world's biggest organisations like Unisys, Bristol Myers Squibb, Sara Lee, Samsung, Compaq, New Zealand Milk, and Motorola.

Keeping in view of vast experience, expertise, and knowledge in the field of Finance, Legal and Commercial Partnerships, the candidature of Mr. Bhaskar Rao is proposed as an Independent Director under Item No. 7 of the Notice.

No one of the Directors except Mr. Bhaskar Rao is interested or concerned in the resolution.

### **ITEM NO. 8:**

#### **APPOINTMENT OF MR. C. S. LIEW AS DIRECTOR (DIN 08065615)**

Mr. C S Liew, 62 years, residing at SINGAPORE, is B.S. in Agronomy & Pest Management from Iowa State University, USA (High Scholarship Student) in 1979. Mr. Liew has also obtained Diploma in Marketing from Institute of Marketing, UK through self-study in 1986. Mr. Liew has also attended a short course conducted in (1) San Diego by University of Columbia on Sales Management in 1988 (2) by Insead on "Joint Venture Management – The Human Factor" in 1996 and on Negotiation Dynamics in July 2003.

Mr. Liew worked as Summer Field Research Assistant for American Cyanamid (absorbed into BASF) over two summer seasons in Nebraska & Georgia, USA and Market & Product Development Representative for Ciba-Geigy (absorbed into Syngenta), Malaysia for one year.

Mr. Liew has 11 years of experience of heading Singapore Representative Office of Uniroyal Chemical Co. Inc., (renamed Chemtura).



From January 01, 1992 to December 31, 1998 Mr. Liew was holding position of Director and Regional Manager of Nufarm (Asia) Pte Ltd, a wholly-owned subsidiary of Nufarm Ltd., Australia. (Nufarm's diversified business included agrochemicals, Agricultural Spray Equipment, Timber Preservatives, Animal Health Products, Charcoal Briquettes, Specialty Fertilizers, Pharmaceuticals and Chlor-Alkali Products.)

After resigning from Nufarm, Mr. Liew established self-owned Company viz., Pacific Agriscience Pte Ltd in Dec 1998 and is the Managing Director thereof.

Keeping in view of vast experience, expertise, and knowledge, the candidature of Mr. C. S. Liew is proposed as an Independent Director under Item No. 8.

No one of the Directors except Mr. C. S. Liew is interested or concerned in the resolution.

**ITEM NO. 9 :****APPOINTMENT OF COST AUDITOR**

In accordance with the provisions of Section 148(1) and (2) of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, the Company is required to appoint a Cost Auditor for audit of Cost Records of Certain Pigment and Agrochemicals Products manufactured by the Company.

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of M/s Kiran J Mehta & Co., Cost Accountants (Firm's Registration No. 000025) as a Cost Auditor for Cost Audit of certain Pigment and Agrochemicals Products manufactured by the Company for the year 1st April, 2018 to 31st March, 2019 on a remuneration of ₹ 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) (apart from reimbursement of out-of pocket expenses incurred for the purpose of Audit) subject to approval of remuneration by the Members.

The Board of Directors recommend passing of the Ordinary Resolution at item No. 9.

None of the Directors, Key Managerial Personnel and/or their Relative is concerned or interested in the Resolution.

**ITEM NO. 10 :****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 / Interested party for any item specified in Sub Section (1) except with the prior approval of the General Meeting by an Ordinary Resolution. The approval is sought for the arrangement of Sales of Pigment and Agrochemical products manufactured by the Company from time to time and purchase of chemical product from Related / Interested 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. Jayanti Patel, Mr. Ashish Soparkar, Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel of the Company are concerned or interested in the proposed resolution.

**Registered Office:**  
**184, PHASE II, GIDC INDUSTRIAL ESTATE,**  
**VATVA, AHMEDABAD 382 445**  
**Date: 26.05.2018**

**By Order of the Board**  
**K D MEHTA**  
**COMPANY SECRETARY**  
**FCS - 2051**

**STATEMENT AS PER LISTING AGREEMENT WITH REGARD TO THE DIRECTORS  
PROPOSED FOR REAPPOINTMENT:-**

**(1) Mr. Jayanti Patel :- DIN 00027224**

Name	Mr. Jayantibhai Patel
Age	66 years
Designation	Executive Chairman
Qualification	B. E. (Chemical)
Brief Profile	Mr. Jayanti Patel currently oversees the international marketing of Company and is responsible for all major policy decisions.  Mr. Jayanti Patel has more than 41 years experience in the Dyes and Pigments industry and more than 23 years experience in the Agrochemicals industry.
Interest in Other Entities	1) Meghmani Chemicals Limited 2) Meghmani Organics USA Inc 3) PT. Meghmani Organics Indonesia 4) Meghmani Agrochemicals Private Limited 5) Ashish Chemicals 6) Meghmani Pigments

**(2) Mr. Anand Patel :- DIN 00027836**

Name	Mr. Anand Patel
Age	55 Years
Designation	Executive Director
Qualification	BSC
Brief Profile	Mr. Anand Patel currently oversees the manufacturing of Pigments at Vatva, Panoli and Dahej as well as the International & Domestic marketing of Pigments.  Mr. Anand Patel has 30 years experience in the Pigments Industry.
Interest in Other Entities	1) Uniworth Enterprises LLP 2) Meghmani Dyes and Intermediates LLP 3) Novel Spent Acid Management

**Registered Office:**  
184, PHASE II, GIDC INDUSTRIAL ESTATE,  
VATVA, AHMEDABAD 382 445  
Date: 26<sup>th</sup> May, 2018

**By Order of the Board**  
K D MEHTA  
COMPANY SECRETARY  
FCS - 2051

**Form No. MGT-11  
Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]  
CIN L24110GJ1995PLC024052

Name of the Company: **Meghmani Organics Limited**

Registered Office: Plot No. 184, Phase II, G.I.D.C., Vatva, Ahmedabad - 382 445.

Name of the company	<b>Meghmani Organics Limited - CIN L24110GJ1995PLC024052</b>
Registered Office	<b>Plot No. 184, Phase II, GIDV Vatva, Ahmedabad – 382 445</b>

Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No /Client ID	
DP ID	

I/We, being the member(s) holding \_\_\_\_\_ shares of Meghmani Organics Limited hereby appoint :-

Name :	Name :	Name :
Address:	Address:	Address:
E-mail Id:	E-mail Id:	E-mail Id:
Signature, .....or failing him	Signature, .....or failing him	Signature, .....or failing him

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company, to be held on **Friday 27th July, 2018 at 10.00 a.m. at J B Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad -380 015** and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Description	No. of Shares held	I / We Assent the Resolution (FOR)	I / We Dissent the Resolution. (AGAINST)
	<b>ORDINARY BUSINESS</b>			
1	Adoption of Standalone and Consolidated Financial Statement for the year ended on 31st March, 2018.			
2	Declaration of Dividend for FY 2017-18.			
3	Re-appointment of Mr. Jayanti Patel, Director retiring by rotation.			
4	Re-appointment of Mr. Anand Patel, Director retiring by rotation.			
5	Ratification of Appointment of Statutory Auditor and Appointment of Joint Auditor.			
	<b>SPECIAL BUSINESS</b>			
6	Appointment of Mr. Manubhai Patel as Independent Director.			
7	Appointment of Mr. Bhaskar Rao as Independent Director.			
8	Appointment of Mr. C. S. Liew as Independent Director.			
9	Appointment of Cost Auditors of the Company for FY 2018-19.			
10	Authority for Related / Interested Party Transactions.			

Signed this \_\_\_\_\_ day of July, 2018

Signature of Shareholder:- \_\_\_\_\_

Signature of Proxy holder:- \_\_\_\_\_

**Affix Rs. 1  
Revenue  
Stamps**

**Notes:** This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the Meeting.

**MEGHMANI ORGANICS LIMITED****CIN L24110GJ1995PLC024052****Registered Office:** Plot No. 184, (Phase II), G.I.D.C. Industrial Estate, Vatva, Ahmedabad - 382 445.**ATTENDANCE SLIP****To be handed over at the entrance of the Meeting Hall**

I hereby record my presence at Twenty Fourth Annual General Meeting of Meghmani Organics Limited on **Friday, 27th July, 2018 at 10.00 a.m.** at J B Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastapur, Ahmedabad - 380 015

Name of the Member(s)	
Registered Address	

DP ID	Client ID	No. of Shares Held

\_\_\_\_\_  
**Full Name of Shareholder (In block letters)**\_\_\_\_\_  
**Signature**\_\_\_\_\_  
**Full Name of Proxy (In block letters)**\_\_\_\_\_  
**Signature**

## NOTES

Actual Images of Meghmani Finechem Plant



## MEGHMANI ORGANICS 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](mailto:helpdesk@meghmani.com) **Website :** [www.meghmani.com](http://www.meghmani.com)

**CIN :** L24110GJ1995PLC024052