



**POLYCHEM LIMITED**

**60<sup>th</sup> Annual  
Report  
2016 - 2017**

**POLYCHEM LIMITED**

CIN: L24100MH1955PLC009663

**(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)**

<b>BOARD OF DIRECTORS</b>	MR. TANIL R. KILACHAND	(DIN 00006659)	Chairman
	MR. PARTHIV T. KILACHAND	(DIN 00005516)	Managing Director
	MR. ATUL H. MEHTA	(DIN 00005523)	Dy. Managing Director
	MR. NANDISH T. KILACHAND	(DIN 00005530)	
	MR. VINAYAK V. SAHASRABUDHE	(DIN 00296976)	
	MR. CHETAN R. DESAI	(DIN 03246010)	
	MS. NIRMALA S. MEHENDEAL	(DIN 01230600)	
	MR. YOGESH S. MATHUR	(DIN 01059977)	

**COMPANY SECRETARY & COMPLIANCE OFFICER**

MS. DEEPALI V. CHAUHAN

**CHIEF FINANCIAL OFFICER**

MS. KANAN V. PANCHASARA

**AUDITORS**

M/s. G. M. KAPADIA &amp; CO.

Chartered Accountants

**REGISTRAR &**

M/s. LINK INTIME INDIA PVT. LTD

**TRANSFER AGENTS**C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,  
Vikhroli (W), Mumbai – 400083.**REGISTERED OFFICE**7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.**WORK**SPECIALTY CHEMICALS  
W-91, MIDC Phase II, Sonarpada,  
Dombivali (E), 421 203.  
Maharashtra, India**CORPORATE MANAGEMENT TEAM**

MR. T. R. KILACHAND	Chairman
MR. P. T. KILACHAND	Managing Director
MR. A. H. MEHTA	Dy. Managing Director

**Note:** As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

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**NOTICE**

Notice is hereby given that the Sixtieth Annual General Meeting of the Members of POLYCHEM LIMITED will be held at Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001 on Thursday, August 24, 2017 at 11.00 a.m., to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt:
  - a) The audited Standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2017, including the audited Standalone Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (the Board) and Auditors thereon.
  - b) The audited Consolidated financial statements of the Company for the year ended 31<sup>st</sup> March, 2017, including the audited Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017 and the Statement of Consolidated Profit and Loss for the year ended on that date.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. T. R. Kilachand (DIN 00006659), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. T. Kilachand (DIN 00005530), who retires by rotation, and being eligible, offers himself for re-appointment.
5. **Appointment of Auditors**

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

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable provisions if any, M/s Nayan Parikh & Co., Chartered Accountants, (Firm Registration No. 107023W), be and are hereby appointed as Statutory Auditors of the Company in place of M/s. G.M. Kapadia & Co., Chartered Accountants, (Firm Registration No. 104767W), on completion of their term under section 139 (2) of the Companies Act, 2013 and to hold office for a term of five years, from the conclusion of this Annual General Meeting till the conclusion of 65<sup>th</sup> Annual General Meeting to be held in the year 2022 (subject to ratification of the appointment by the Members at every subsequent Annual General Meeting or as may be prescribed), at such remuneration to be decided by the Board of Directors in consultation with the said Auditors, plus applicable service taxes, reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

**SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the Resolution passed by the members of the Company at the 57<sup>th</sup> Annual General Meeting held on 5th August, 2014 and pursuant to the provisions of Sections 196,197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 approval of the members of the Company be and is hereby accorded to the appointment of Mr. P. T. Kilachand (DIN 00005516), as Managing Director of the Company, for a period of three years with effect from 1st April, 2017 upon the terms and conditions, including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. P. T. Kilachand, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”



**“RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. P. T. Kilachand the remuneration payable to him by way of salary, allowances and perquisites shall not exceed the limits prescribed under the Companies Act, 2013, read with Schedule V or any amendment, modification, variation or re-enactment thereof.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

7. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special resolution:

**“RESOLVED THAT** in supersession of the Resolution passed by the members of the Company at the 57<sup>th</sup> Annual General Meeting held on 5th August, 2014 and pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 approval of the members of the Company be and is hereby accorded to the appointment of Mr. A. H. Mehta (DIN 00005523), as Dy. Managing Director of the Company, for a period of three years with effect from 1st June, 2017 upon the terms and conditions, including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. A.H. Mehta, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

**“RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. A. H. Mehta the remuneration payable to him by way of salary, allowances and perquisites shall not exceed the limits prescribed under the Companies Act, 2013, read with Schedule V or any amendment, modification, variation or re-enactment thereof.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

**Corporate Identification Number (CIN):** L24100MH1955PLC009663

By Order of the Board of Directors

**Registered Office :**

7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.

Dated: 30<sup>th</sup> May, 2017.

**Deepali V. Chauhan**  
Company Secretary & Compliance Officer

## NOTES:

- (a) An Explanatory Statement pursuant to section 102 of the Companies Act, 2013 relating to Special Business under Item Nos. 6 and 7 to be transacted at the meeting, is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the Meeting.
- (c) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- (d) In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (e) Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11:00 a.m. and 1:00 p.m. up to the date of the Meeting.
- (f) Brief resume of Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under regulation 36(3)(a) of SEBI (LODR) Regulations, 2015 is provided in page 10.
- (g) The Register of Members and the Share Transfer Books will remain closed from Tuesday, 25<sup>th</sup> July, 2017 to Tuesday, 1<sup>st</sup> August, 2017 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
- (h) Dividend on Equity Shares, if declared at the Meeting, will be credited/ dispatched on or after 24<sup>th</sup> August, 2017 to those members whose names shall appear on the Company's Register of Members on the book closure date.
- (i) Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or its Registrar & Share Transfer Agents - Link Intime India Pvt. Ltd.
- (j) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Share Transfer Agents – Link Intime India Pvt Ltd. cannot act on any request received directly from the 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.
- (k) Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder and as a part of 'Green Initiative in Corporate Governance,' Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
- (l) The Annual Report of the Company circulated to the Members of the Company, will be made available on the Company's website at [www.polychemltd.com](http://www.polychemltd.com) and also on website of the respective Stock Exchange.



- (m) The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s), unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
- (n) As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of Annual Report to the Meeting.
- (o) The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
- (p) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.
- (q) As communicated earlier, members holding shares in physical form are requested to get them dematerialized, as the shares of the Company are under compulsory demat system.

(r) **ECS Mandate for dividend:**

To avoid risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment, shareholders are requested to avail of the ECS facility where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. Shareholders who desire receipt of their dividend through ECS can obtain the form from the Registrar & Transfer Agent of the Company.

Shareholders holding shares in Physical may submit their bank details to Registrar and Transfer Agent and those who hold shares in demat may give details to their Depository participants. This will enable the Company to incorporate this information on dividend warrants to minimize the risk of fraudulent encashment.

- (s) The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2017
1.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	4,04,045 Equity Shares of Rs.10/- each.

The Company has paid Annual Listing fees for the year 2017-18 to the above Stock Exchange.

## ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013.

The following Explanatory Statement, as required by Section 102 of the Companies Act, 2013 sets out the material facts relating to business under Item Nos. 6 and 7, mentioned in the accompanying Notice dated 30<sup>th</sup> May, 2017.

### Item No. 6

Mr. P. T. Kilachand was appointed as an Additional Director with effect from 3<sup>rd</sup> December, 1996 and as a Whole-time Director from time to time, he was then appointed as Managing Director with effect from 27<sup>th</sup> July, 2012 and re-appointed on 1<sup>st</sup> April, 2014. In accordance with the conditions specified in Schedule V of the Act, the Board at its meeting held on 30<sup>th</sup> May, 2017 re-appointed Mr. P. T. Kilachand as Managing Director for a period of 3 years from 1<sup>st</sup> April, 2017, superseding the earlier resolution passed by the Company in this connection. This appointment is subject to the approval of the members at the Annual General Meeting.



The main terms of appointment of Mr. P. T. Kilachand as Managing Director is placed before the meeting, are as follows:

I. SALARY:

Rs 1,00,000/- per month which may be increased by such amounts as the Board may determine from time to time, subject to a maximum of Rs.7,00,000/- per month.

II. COMMISSION:

Commission of one percent of the net profit of the Company, subject to a ceiling of 50% of the salary or Rs. 9,00,000/- per annum, whichever is less.

III. PERQUISITES:

1. HOUSING:

- (a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Managing Director.
- (b) In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance, subject to the ceiling laid down in (a) above.

2. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to the ceiling of forty percent of the salary of the Managing Director.
3. Reimbursement of medical expenses incurred for the Managing Director and his family, namely his wife, dependent children and dependent parents, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
4. Leave Travel Concession for the Managing Director and his family namely his wife, dependent children and dependent parents once in a year incurred in accordance with the Rules specified by the Company.
5. Fees of two clubs, which will not include admission and Life Membership Fees.
6. Personal Accident Insurance of premium not exceeding Rs. 15,000/- per annum.
7. The Company's contribution to Provident Fund, Superannuation Fund and/or Annuity Fund. The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under Income Tax Act.
8. Gratuity as per the rules of the Company.
9. Free use of Company's car with driver for the business of the Company and telephone at his residence will not be considered as perquisites.
10. Mr. P. T. Kilachand will also be entitled to privilege leave on full pay and allowances, as per rules of the company.
11. Other Perquisites: Subject to overall ceiling on remuneration mentioned herein, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

The above remuneration in terms of Salary, Commission, perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company, as the case may be as laid down in Section 197 of the Companies Act, 2013 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 197 of the said Act.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.



In the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. P. T. Kilachand the remuneration payable to him by way of salary, allowances and perquisites shall not exceed the limits prescribed under the Companies Act, 2013, read with Schedule V or any amendment, modification, variation or re-enactment thereof.”

The remuneration is approved by the Remuneration Committee of the Directors at its meeting held on 30<sup>th</sup> May, 2017.

The Board of Directors recommends the resolution for approval of the members.

This may be treated as an abstract of the terms and conditions, governing the appointment and remuneration of the Managing Director, pursuant to Section 109 of the Companies Act, 2013. A Statement as required under section II, Part II of the Schedule V to the Companies Act, 2013 with reference to Resolution No. 6 is annexed hereto and marked as **Annexure A**.

None of the other Directors or Key Managerial Personnel of the Company, except Mr. T. R. Kilachand, Mr. N. T. Kilachand and Mr. P. T. Kilachand are in any way, concerned or interested in the said resolution.

### **Item No. 7**

Mr. A. H. Mehta was appointed as an Additional Director with effect from 29<sup>th</sup> May, 2014, he was then appointed as Dy. Managing Director with effect from 1<sup>st</sup> June, 2014. In accordance with the conditions specified in Schedule V of the Act, the Board at its meeting held on 30<sup>th</sup> May, 2017 re-appointed Mr. A. H. Mehta as Dy. Managing Director for a period of 3 years from 1<sup>st</sup> June, 2017, superseding the earlier resolution passed by the Company in this connection. This appointment is subject to the approval of the members at the Annual General Meeting.

The main terms of appointment of Mr. A.H. Mehta as Dy. Managing Director is placed before the meeting, are as follows:

#### I. SALARY:

Rs. 1,00,000/- per month which may be increased by such amounts as the Board may determine from time to time, subject to a maximum of Rs.7,00,000/- per month.

#### II. COMMISSION:

Commission of one percent of the net profit of the Company, subject to a ceiling of 50% of the salary or Rs. 9,00,000/- per annum, whichever is less.

#### III. PERQUISITES:

##### 1. HOUSING:

- (a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Dy. Managing Director.
- (b) In case the accommodation is owned by the Company, 10% of the salary of the Dy. Managing Director shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company, the Dy. Managing Director shall be entitled to House Rent Allowance, subject to the ceiling laid down in (a) above.

2. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to the ceiling of ten percent of the salary of the Dy. Managing Director.
3. Reimbursement of medical expenses incurred for the Dy. Managing Director and his family, namely his dependent children, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
4. Leave Travel Concession for the Dy. Managing Director and his family namely, dependent children once in a year incurred in accordance with the Rules specified by the Company.
5. Fees of two clubs, which will not include admission and Life Membership Fees.
6. Personal Accident Insurance of premium not exceeding Rs. 15,000/- per annum.





7. The Company's contribution to Provident Fund, Superannuation Fund and/or Annuity Fund. The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under Income Tax Act.
8. Gratuity as per the rules of the Company.
9. Free use of Company's car with driver for the business of the Company and telephone at his residence will not be considered as perquisites.
10. Mr. A. H. Mehta will also be entitled to privilege leave on full pay and allowances, as per rules of the company.
11. Other Perquisites: Subject to overall ceiling on remuneration mentioned herein, the Dy. Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

The above remuneration in terms of Salary, Commission, perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company, as the case may be as laid down in Section 197 of the Companies Act, 2013 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 197 of the said Act.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

In the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. A. H. Mehta the remuneration payable to him by way of salary, allowances and perquisites shall not exceed the limits prescribed under the Companies Act, 2013, read with Schedule V or any amendment, modification, variation or re-enactment thereof."

The remuneration is approved by the Remuneration Committee of the Directors at its meeting held on 30<sup>th</sup> May, 2017.

The Board of Directors recommends the resolution for approval of the members.

This may be treated as an abstract of the terms and conditions, governing the appointment and remuneration of the Dy. Managing Director, pursuant to Section 109 of the Companies Act, 2013. A Statement as required under section II, Part II of the Schedule V to the Companies Act, 2013 with reference to Resolution No. 7 is annexed hereto and marked as **Annexure A**.

None of the other Directors or Key Managerial Personnel of the Company, except Mr. A. H. Mehta is in any way, concerned or interested in the said resolution.

**Corporate Identification Number (CIN):** L24100MH1955PLC009663

By Order of the Board of Directors

**Registered Office :**

7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.

Dated: 30<sup>th</sup> May, 2017.

**Deepali V. Chauhan**  
Company Secretary & Compliance Officer



As required in terms of regulation 36(3)(a) of SEBI (LODR) Regulations 2015, the details of the Director retiring by rotation and eligible for re-appointment are furnished below:

Name of Director	Mr. T. R. Kilachand	Mr. N. T. Kilachand
Director Identification Number	00006659	00005530
Age	80 years	44 years
Qualification	B.A. from Cambridge University in History and Law. M.B.A. in Business Administration from Harvard Business School.	BA from Tufts University, Boston, USA. 'A' levels from Eton College, Windsor, England. ICSE, Cathedral & John Connon School, Mumbai.
Expertise	He was the Managing Director of the Company from 19 <sup>th</sup> August, 1986 and Chairman & Managing Director from 1 <sup>st</sup> February, 1995. He was the Executive Chairman from 27 <sup>th</sup> July, 2012 to 17 <sup>th</sup> May, 2016. He has over 49 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Merchants' Chamber. He has been associated with various charitable trusts and is Director / Chairman of several Companies.	Director in charge of Sun Tan Trading Co. Ltd., which was the authorized distributor of the world's largest foreign liquor company. Also established a company providing third party logistics solutions including specialized warehousing, to a wide section of importers specializing in the duty free market. Director of Connell Bros. (India) Pvt. Ltd., which undertakes distribution and manufacture of speciality and high-end chemicals in India.
Other Directorship as on 31 <sup>st</sup> March, 2017 (Excluding Private Companies)	Gujarat Poly Electronics Ltd and Ginners & Pressers Limited	Ginners & Pressers Limited and Sun Tan Trading Co. Ltd
No. of Equity Shares held	1,938	1,335
Relationship with other Directors	Mr. Parthiv T. Kilachand, Managing Director of the Company and Mr. Nandish T. Kilachand, Director of the Company are the sons of Mr. Tanil R. Kilachand.	Mr. Parthiv T. Kilachand, Managing Director of the Company and Mr. Tanil R. Kilachand, Chairman of the Company are the brother and Father of Mr. Nandish T. Kilachand, respectively.

Corporate Identification Number (CIN): L24100MH1955PLC009663

By Order of the Board of Directors

Registered Office :

7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.

Dated: 30<sup>th</sup> May, 2017.

**Deepali V. Chauhan**  
Company Secretary & Compliance Officer

**ANNEXURE A**

Statement as required under Section II, Part II of the Schedule V to the Companies Act, 2013 with reference to the Resolution Nos. 6 & 7 is as follows:

**I. General Information:**

- (1) **Nature of Industry:** Manufacturers of Specialty Chemicals & Property Development
- (2) **Date or expected date of commencement of Commercial production :**  
Existing Company already commenced commercial production since 1956.
- (3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**  
Existing Company, Not applicable
- (4) **Financial Performance based on given Indicators:** (Rs. In Lakhs)

Sr. No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2015
1.	Sales Turnover	1,405.20	1,228.96	1,734.01
2.	Profit after Tax	45.32	42.15	94.33

- (5) **Foreign Investments or Collaborations, if any:** NIL.

**II. Information about the Appointees****(1) Background details :**

- (a) Mr. P. T. Kilachand (DIN: 00005516)

Mr. P. T. Kilachand is a Bachelor of Science in "Electrical Engineering" and A.B. "Engineering & Economics" from Brown University.

He has been associated with the Company since 1988 under various designation and has vast experience in Marketing and Management.

- b) Mr. A. H. Mehta (DIN: 00005523)

Mr. A.H. Mehta holds a Bachelor Degree in Commerce. In addition, he is a Chartered Accountant and a Company Secretary.

He has experience in Audit, Accountancy, Secretarial, Legal & Admn, Taxation, etc with Polychem Ltd., Sandeep Holdings Ltd and Tandon Singapore Pte. Ltd.

**(2) Past Remuneration :**

Mr. P. T.Kilachand : Rs 2,664,471/- excluding superannuation fund and provident fund has been paid for the year ended 31<sup>st</sup> March, 2017.

Mr. A.H.Mehta : Rs 1,949,659/- excluding superannuation fund and provident fund has been paid for the year ended 31<sup>st</sup> March, 2017.

**(3) Recognition or awards:**

Mr. P. T. Kilachand: None

Mr. A. H. Mehta: None

**(4) Job profile and suitability:**

Mr. P. T. Kilachand:

He started as a project officer in the Company in November 1988, Thereafter, he has been actively involved and looking after all aspects of the various activities of the Company since April 1997 under the designation of Director. He has wide experience in Management, Marketing and Negotiation with varied authorities.

Mr. A. H. Mehta:

He has been involved with the Company since January 1988 and is familiar with all aspects of the Company. He served as a Vice President – Corporate Affairs & Company Secretary from 1993 till May 2014, subsequent to which he was appointed as Dy. Managing Director. He is responsible for Company's finance and legal functions and carries out duties as instructed to him from time to time by the Board of Directors.

**(5) Remuneration Proposed :**

As stated in the Resolution proposed in the notice at Item Nos. 6 & 7

**(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :**

The Remuneration proposed for Mr. P. T. Kilachand & Mr. A. H. Mehta is similar to that drawn by the peers in the similar capacity in the similar industry.

**(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :**

Mr. P. T. Kilachand :

Mr. P. T. Kilachand is a Managing Director and Promoter of the Company, holding directly and indirectly through promoter and promoter group, 2,10,465 Equity shares of Rs 10/- each which constitute 52.09% of the paid up capital of the Company as on 31<sup>st</sup> March, 2017. Mr. T. R. Kilachand, Chairman and Promoter of the Company, is father of Mr. P. T. Kilachand. Mr. N. T. Kilachand, Non-Executive Director and Promoter of the Company, is brother of Mr. P. T. Kilachand. Other than these and remuneration paid to him, there is no pecuniary relationship of Mr. P. T. Kilachand, directly or indirectly with company or with its managerial personnel.

Mr. A. H. Mehta:

Mr. A. H. Mehta holds 5 Equity shares of Rs 10/- each of the Company. Other than these and remuneration paid to him, there is no pecuniary relationship of Mr. A. H. Mehta, directly or indirectly with company or with its managerial personnel.

**III. Other Information :****(1) Reasons of loss or inadequacy profits :**

Due to price fluctuation in the main raw material i.e. styrene monomer and no corresponding increase in the price of our finished products, the margin on our finished products in the domestic & international market is major area of concern which resulted in low profit.

**(2) Steps taken or proposed to be taken for improvement :**

Company is in process of improving the quality of the product which should result in higher market share and to match with the Competitors abroad. The Company is also planning to extend the term of the present consultant.

**(3) Expected Increase in productivity and profits in measurable terms :**

Our Customers for the specialty polymers are in investment casting industry. The major end user segment for investment cast product is automotive, aerospace industry, valves & instruments. Currently automobile industry in India looks to be in the upswing which can create a better market for our products.

**IV. Disclosures :**

Disclosure in the Board of Directors' report under 'Corporate Governance' is to be attached to the Financial Statement.

**E-VOTING INSTRUCTIONS****Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.
  - IV. The remote e-voting period commences on Monday, 21<sup>st</sup> August, 2017 (9:00 am) and ends on Wednesday, 23<sup>rd</sup> August, 2017 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, 17<sup>th</sup> August 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - V. The process and manner for remote e-voting are as under:
    - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
      - (i) Open email and open PDF file viz; "polychem e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting then you can use your existing password for casting the vote. If you have forgot your password, you can reset your password by using "Forget User Details / Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
      - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
      - (iii) Click on Shareholder - Login
      - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
      - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
      - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
      - (vii) Select "EVEN" of "Polychem Limited".
      - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
      - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
      - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
      - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [mail@csragrinichokshi.com](mailto:mail@csragrinichokshi.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:
    - (i) Initial password is provided as below at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.		
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 17<sup>th</sup> August, 2017.
- X. Any person, who acquires shares of the Company and become member of the Company after 24<sup>th</sup> July, 2017 i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. 17<sup>th</sup> August, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [evoting.investors@linkintime.co.in](mailto:evoting.investors@linkintime.co.in)
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Ms. Ragini Chokshi of Ragini Chokshi & Co., Practicing Company Secretary (CP 1436) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.polychemltd.com](http://www.polychemltd.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock Exchange where the shares of the Company are listed.

**DIRECTORS' REPORT**

To  
The Members of  
POLYCHEM LIMITED

Your Directors' present the Sixtieth Annual Report and Statement of Accounts for the year ended 31st March, 2017.

	<b>01-04-16 to 31-03-17 (Rs.in lakhs)</b>	01-04-15 to 31-03-16 (Rs.in lakhs)
<b>FINANCIAL RESULTS</b>		
Sales	<b>1,405.27</b>	1,228.97
Profit before Depreciation & Tax	<b>44.94</b>	77.81
Depreciation	<b>17.74</b>	23.27
Profit after depreciation	<b>27.20</b>	54.54
Prior period items	<b>0.00</b>	0.00
Profit before Tax	<b>27.20</b>	54.54
Current tax (for the year)	<b>10.00</b>	12.00
Current tax (relating to previous year)	<b>(25.85)</b>	3.60
Deferred tax	<b>(2.27)</b>	(3.21)
Excess Provision of tax in respect of earlier years	<b>--</b>	--
Profit after tax	<b>45.32</b>	42.15
Less: Appropriations		
Proposed dividend on equity shares	<b>(10.10)</b>	(10.10)
Tax on dividend	<b>(2.06)</b>	(2.06)
Balance carried forward	<b>33.16</b>	29.99

**1. DIVIDEND:**

For the year under review, the Directors have recommended Dividend of Rs. 2.50/- per share of Rs 10/- each i.e. 25% (Rs. 2.50/- per share for the previous year) on the Equity shares of the Company aggregating to Rs. 1,216,000/- (including Dividend Tax). The dividend payment is subject to approval of the Members at the ensuing Annual General Meeting.

**2. STATE OF COMPANY'S AFFAIRS:**

During the year ended 31st March, 2017, your Company has made profit after tax of Rs. 45.32 lakhs against profit of Rs. 42.15 lakhs after tax in previous year. The sales of Specialty Chemicals during the year ended was Rs. 1,405.27 lakhs compared to Rs.1,228.97 lakhs during the previous year and for property development Rs. Nil during the current and previous year.

**3. SUBSIDIARY COMPANY:**

During the year under review the company has purchased 1,749,998 equity shares of its Associate Company, **Gujarat Poly Electronics Limited (GPEL)** (formerly known as Gujarat Poly-AVX Electronic Limited) upon which it has become the subsidiary company of Polychem Limited.

In accordance with section 129(3) of the Companies Act, 2013, the Company have prepared the consolidated financial statement of the Company, which forms part of this Annual Report. Further a statement containing the salient features of the financial statement of our subsidiary company in the prescribed format AOC-1 also forms part of this Annual Report.

The sale of GPEL during the year ended 31<sup>st</sup> March, 2017 was Rs. 1,234.41 lakhs as against sale of Rs. 1,152.93 lakhs in the previous year. GPEL has made profit of Rs. 2.42 lakhs during the current year as compared to profit of Rs. 39.34 lakhs in the previous year. GPEL manufactures as wells as outsources ceramic capacitors & marketing the same.

**4. NUMBER OF BOARD MEETINGS HELD DURING THE YEAR:**

During the year 2016-17, five Board Meetings were held on the following dates:

- (a) 17<sup>th</sup> May, 2016; (b) 11<sup>th</sup> July, 2016; (c) 10<sup>th</sup> August, 2016;  
(d) 10<sup>th</sup> November, 2016; and (e) 9<sup>th</sup> February, 2017

More details on the Board Meeting is given under Corporate Governance Report.

**5. AUDIT COMMITTEE:**

The Audit Committee during the year consisted of 4 members. More details on the committee are given in Corporate Governance Report.

**6. NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee consists of 3 members. More details on the committee are given in Corporate Governance Report.

**7. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Board has established a vigil mechanism for directors and employees to report genuine concerns to be disclosed, the details of which is placed on the website of the company. The Board has also formulated the whistle blower policy, same has been uploaded on the website of the company [http://www.polychemltd.com/download/Whistle%20Blower%20Policy\\_14.pdf](http://www.polychemltd.com/download/Whistle%20Blower%20Policy_14.pdf).

There was no reporting made by any employee for violations of applicable laws and regulations and the Code of Conduct for the F.Y. 2016-17.

**8. DIRECTORS' RESPONSIBILITY:**

Pursuant to Section 134 of the Companies Act, 2013 the Directors confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. Appropriate accounting principles have been selected and applied consistently and have made judgements 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, 2017 and of the profit of the Company for the year ended 31st March, 2017;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The annual accounts have been prepared on a going concern basis;
- e. The directors have laid down internal financial controls to be followed by the company;
- f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws.

**9. TAXATION:**

The Company's Income Tax assessments have been completed up to the year ended 31st March, 2013.

**10. DEPOSITS:**

Company has repaid all deposits and there are no outstanding deposits.

**11. INDUSTRIAL RELATIONS:**

Industrial Relations with the employees of the Company were cordial during the year under report.

**12. CONSERVATION OF ENERGY:**

Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in **Annexure I** forming part of this report.

**13. DIRECTORS:**

Mr. T. R. Kilachand and Mr. N. T. Kilachand retire from Office by rotation, but being eligible, offers themselves for re-appointment.

The Board at its meeting held on 30<sup>th</sup> May, 2017, re-appointed Mr. P. T. Kilachand as Managing Director for a period of 3 years from 1<sup>st</sup> April, 2017, superseding the earlier resolution passed by the Company in this connection.

The Board also re-appointed Mr. A. H. Mehta as Dy. Managing Director for a period of 3 years from 1<sup>st</sup> June, 2017, superseding the earlier resolution passed by the Company in this connection.

The above re-appointments are placed before the Members for their approval in ensuing Annual General Meeting.

**14. DECLARATION ABOUT INDEPENDENT DIRECTORS UNDER SUB-SECTION 6 OF SECTION 149:**

The Company has received the declaration from Independent Directors that they meet the criteria of independence laid down under section 149(6) of the Companies Act, 2013, under regulation 16(b) of SEBI (LODR) Regulations, 2015.

**15. FORMAL ANNUAL EVALUATION:**

As required under the act, evaluation of every director's performance was carried out. An evaluation sheet was given to each director wherein certain criteria was set out for which ratings are to be given.

**16. COMPANY'S POLICY ON DIRECTORS APPOINTMENT, REMUNERATION ETC.:**

The Nomination and Remuneration Committee recommends to the Board the policy relating to remuneration for the Directors, Key Managerial Personnel and other employees, same has been uploaded on the website of the Company. [http://www.polychemltd.com/download/Criteria%20for%20Appointment%20&%20Evaluation%20of%20Board%20of%20Directors\\_14.pdf](http://www.polychemltd.com/download/Criteria%20for%20Appointment%20&%20Evaluation%20of%20Board%20of%20Directors_14.pdf)

**17. RELATED PARTY TRANSACTIONS:**

All Related Party Transactions (RPT) entered into by the Company during the year under review were at arms' length and in ordinary course of business. All RPT are placed before Audit Committee for its approval.

The Company has granted loan of Rs.446 lakhs to Gujarat Poly Electronics Ltd at the rate of interest of 12% p.a. There are no contracts or arrangements under sub-section (1) of Section 188.

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014:

1. Details of contracts or arrangements or transactions not at arms's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis: NIL

The Board on recommendation of Audit Committee, adopted a policy on related party transactions to regulate transactions between the Company and its related parties, in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The policy is uploaded and can be viewed on the Company's website: [http://www.polychemltd.com/download/Related%20Party%20Transaction%20Policy\\_14.pdf](http://www.polychemltd.com/download/Related%20Party%20Transaction%20Policy_14.pdf)

**18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

During the year, the company has purchased 1,749,998 equity shares of its Associate Company, Gujarat Poly Electronics Limited and there is an ongoing loan of Rs.446 lakhs given to Gujarat Poly Electronics Limited at the rate of interest of 12% p.a.

**19. DONATION:**

During the year, the Company has given donation of Rs 10,000/- to the charitable trusts.



**20. CORPORATE SOCIAL RESPONSIBILITY:**

The provisions relating to Corporate Social Responsibility are not applicable to the company.

**21. INTERNAL FINANCIAL CONTROL:**

The Company has adequate internal financial controls system with reference to the financial statements.

**22. RISK MANAGEMENT POLICY:**

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to its review from time to time.

**23. OTHER DISCLOSURES AS PER SECTION 134 OF THE COMPANIES ACT, 2013:**

- (a) There are no qualifications, reservations or adverse remark or disclaimer by the Statutory Auditor or by Secretarial Auditor in their respective reports.
- (b) There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company, to which the financial statements relate and the date of the report.
- (c) Extract of the Annual Report as provided in sub-section 3 of section 92, which is given in **Annexure II** forming part of this report.

**24. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The policy is uploaded and can be viewed on the Company's website <http://www.polychemltd.com/Download/Anti-Sexual%20Harassment%20Policy.pdf>

The Company has also formed an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy.

The Company have not received any complaints on sexual harassment during the year.

**25. MANAGERIAL REMUNERATION:**

- i. The ratio of remuneration of Mr. P. T. Kilachand, Managing Director and Mr. A. H. Mehta, Dy. Managing Director with the median remuneration of the employees of the company is 7.74 and 5.66 respectively.
- ii. Increase in remuneration of Mr. P. T. Kilachand, Managing Director is 0.88 %, Mr. A. H. Mehta, Dy. Managing Director is 14.94 %, Ms. K. V. Panchasara, Chief Financial Officer is 28.62 % and Ms. D. V. Chauhan, Company Secretary and Compliance Officer is 23.03%
- iii. There is an increase of 5.88 % in the median remuneration of employees in the financial year.
- iv. There are 21 permanent employees in the company.
- v. There is an increase of 14.35 % in Company's Performance for the year considering the revenue from the operations and the average increase in the remuneration of the Company is 13.85 % for the year.
- vi. During the financial year 2016-17, remuneration to Key Managerial Personnel is Rs. 5,794,000/- as against the Company's performance is Rs 140,527,000/- – remuneration to performance ratio comes to 4.12 %.
- vii. There is an increase in Market Capitalisation and in Price earning ratio of the Company. Market capitalisation for current year is Rs 172,688,833/- and for Previous year it was Rs. 158,668,471/-. Price earning ratio for current financial year is 39.07 times, whereas for the previous financial year it was 37.65 times.
- viii. Average increase in the salaries of employees other than the managerial personnel was 17.06 %.



## ix. Comparison of remuneration of each KMP against the performance of the Company:

Key Managerial Personnel	Remuneration (Rs.)	Performance of the Company (Rs.)	% of remuneration against the performance of the company
Mr. P. T. Kilachand	2,664,471	140,526,550	1.90
Mr. A. H. Mehta	1,949,659	140,526,550	1.39
Ms. K. V. Panchasara	1,371,792	140,526,550	0.98
Ms. D. V. Chauhan	479,241	140,526,550	0.34

- x. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of directors based on the recommendation of Nomination and Remuneration committee as per Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors, but receive remuneration in excess of the highest paid director during the year – NOT APPLICABLE; and
- xii. It is hereby affirmed that the remunerations paid is as per the remuneration policy of the company.
- Average increase in remuneration in point no. (v) relates to all the employees including Managerial remuneration. Whereas, increase in remuneration in point no. (viii) relates to the employees excluding Managerial remuneration.

**26. CORPORATE GOVERNANCE:**

Pursuant to Regulation 34(3), Schedule V of SEBI (LODR) Regulations, 2015, a separate report on Corporate Governance and a certificate from the Auditors of the Company are annexed to the Directors' Report.

**27. AUDITORS:**

The term of M/s G. M. Kapadia & Co., Chartered Accountants, Statutory auditors of the company will expire as per section 139(2) of Companies Act, 2013 at the conclusion of this AGM. Hence, Company has appointed M/s. Nayan Parikh & Co. as Statutory Auditors of the Company for a term of 5 years from the conclusion of this AGM till the conclusion of 65th AGM to be held in the year 2022, subject to the ratification at every annual general meeting held after this annual general meeting.

They have given their consent to act as such and confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for appointment.

**28. SECRETARIAL AUDITOR:**

Complying with the provisions of Section 204 of the Companies Act, 2013, the Audit Committee has recommended and the Board of Directors have appointed M/s.Ragini Chokshi & Co., Company Secretaries, (Membership No.2390 & C.P. No.1436), being eligible and having sought re-appointment, as Secretarial Auditor of the Company to carry out the Secretarial Audit of the Company for the year ending March 2018.

The Secretarial Audit Report for F. Y. 2016-17 is enclosed and marked as **Annexure III**.

**29. ACKNOWLEDGEMENT:**

The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

**Corporate Identification Number (CIN):** L24100MH1955PLC009663

By Order of the Board of Directors

**Registered Office :**

7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.

**TANIL KILACHAND**  
Chairman

Dated : 30<sup>th</sup> May, 2017.



## ANNEXURE I

## A. CONSERVATION OF ENERGY

----- NIL -----

## FORM 'A'

POWER AND FUEL CONSUMPTION	2016-17	2015-16
(1) Electricity		
(a) Purchased units (Kwh)	14,886	18,504
Total Amount (Rs.)	171,012	1,64,088
Rate (Kwh)	11.49	10.58

## FORM 'B'

Disclosures of particulars with respect to Technology Absorption, Research &amp; Development.

## A. Research and Development

## 1. Specific area in which R&amp;D work is carried out:

Currently our focus in R&D is to improve our existing products viz. Cross Linked Polystyrene further in terms of its application for certain critical customers and new applications for Cross Linked Polystyrene.

## 2. Benefits derived as a result of the above R&amp;D:

We have improved the quality of our product which should result in higher share of the market.

## 3. Future plan of action:

We intend to improve the efficiency of Cross Linked Polystyrene Production further to match that of competitors abroad for which we plan to extend the term of the present consultant.

## 4. Expenditure on R&amp;D:

We have not incurred any major expenditure on R & D either for equipment or for testing facilities.

## B. Technology Absorption, Adaptation and Innovation:

## 1. Efforts in brief made towards technology absorption, adaptation and innovation:

Since local technology is used for manufacture of the products of the Company, there is no question of technology absorption.

## 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:

Not Applicable

## 3. Imported Technology:

No new technology has been imported.

## 4. Foreign Exchange Earnings and Outgoings:

(Rs. in lakhs)

	<u>Current Year</u>	<u>Previous Year</u>
a) Foreign exchange outgo	3.79	2.34
b) Foreign exchange earned (FOB Value)	1,014.10	905.16

**ANNEXURE II**

FORM NO. MGT 9

**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L24100MH1955PLC009663
2.	Registration Date	24 <sup>th</sup> October, 1955
3.	Name of the Company	Polychem Limited
4.	Category/Sub-category of the Company	Public Company/Limited by shares
5.	Address of the Registered office & contact details	7, Jamsheedji Tata Road, Churchgate Reclamation, Mumbai – 400 020. Tel No. 022-22820048; Fax No. 022-22850606; Email ID: <a href="mailto:polychemltd@kilachand.com">polychemltd@kilachand.com</a>
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any. w.e.f 23 <sup>rd</sup> May, 2016	M/s. Link Intime India Pvt Ltd, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083. Tel No.: 022-49816000, Fax No. 022-49186060 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Specialty Chemicals	201 – Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms.	100%
2	Property Development	681 – Real estate activities with own or leased property	0%

**III. Particulars of Holding, Subsidiary and Associate Companies -**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Gujarat Poly Electronics Limited B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat – 382 024.	L21308GJ1989PLC012743	Subsidiary Company	53.99% Equity	2(87)



IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	6,413	-	6,413	1.59	6,413	-	6,413	1.59	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	204,052	-	204,052	50.50	204,052	-	204,052	50.50	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>210,465</b>	<b>-</b>	<b>210,465</b>	<b>52.09</b>	<b>210,465</b>	<b>-</b>	<b>210,465</b>	<b>52.09</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	162	162	0.04	-	162	162	0.04	-
b) Banks / FI	557	572	1,129	0.28	432	572	1,004	0.25	(0.03)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	15,529	2	15,531	3.84	15,529	2	15,531	3.84	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
1. SHCIL Ltd	-	687	687	0.17	-	687	687	0.17	-
2. SBI Capital Markets Ltd.	-	2	2	0.00	-	2	2	0.00	-
<b>Sub-total (B)(1):-</b>	<b>16,086</b>	<b>1,425</b>	<b>17,511</b>	<b>4.33</b>	<b>15,961</b>	<b>1,425</b>	<b>17,386</b>	<b>4.30</b>	<b>(0.03)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	11,101	4,162	15,263	3.78	9,690	-	9,690	2.40	(1.38)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	113,627	46,417	160,044	39.61	105,908	50,153	156,061	38.62	(0.99)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Directors other than promoters and their Relatives	30	-	30	0.01	30	-	30	0.01	-
Non Resident Indians	406	141	547	0.14	412	141	553	0.14	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
HUF	-	-	-	-	9,458	-	9,458	2.34	2.34
Clearing Members	-	-	-	-	206	-	206	0.05	0.05
Trusts	185	-	185	0.04	196	-	196	0.05	0.01
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>1,25,349</b>	<b>50,720</b>	<b>1,76,069</b>	<b>43.58</b>	<b>1,25,900</b>	<b>50,294</b>	<b>1,76,194</b>	<b>43.61</b>	<b>0.03</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>1,41,435</b>	<b>52,145</b>	<b>1,93,580</b>	<b>47.91</b>	<b>1,41,861</b>	<b>51,719</b>	<b>1,93,580</b>	<b>47.91</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>3,51,900</b>	<b>52,145</b>	<b>4,04,045</b>	<b>100</b>	<b>3,52,326</b>	<b>51,719</b>	<b>4,04,045</b>	<b>100</b>	-

## B) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-16)			Shareholding at the end of the year (31-03-17)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Parthiv T. Kilachand	2,127	0.53	-	2,127	0.53	-	-
2	Mr. Tanil R. Kilachand	1,938	0.48	-	1,938	0.48	-	-
3	Mr. Nandish T. Kilachand	1,335	0.33	-	1,335	0.33	-	-
4	Ms. Nilima T. Kilachand	1,013	0.25	-	1,013	0.25	-	-
5	Virsun Invst Pvt Ltd	80,802	19.99	-	80,802	19.99	-	-
6	Highclass Trading Pvt Ltd	39,842	9.86	-	39,842	9.86	-	-
7	Ginners & Pressers Ltd	13,996	3.46	-	13,996	3.46	-	-
8	Masuma Tradecorp Pvt Ltd	9,997	2.47	-	59,987	14.85	-	12.38
9	Delmar Trading Co. Pvt Ltd	9,425	2.33	-	9,425	2.33	-	-
10	Rasayani Traders Pvt Ltd	49,990	12.38	-	-	-	-	(12.38)
	<b>Total</b>	<b>2,10,465</b>	<b>52.09</b>		<b>2,10,465</b>	<b>52.09</b>		-

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Promoters	No. of shares at the beginning 01-04-16/ end of the year (31-03-17)	% of total shares of the Company	Date	Increase/ Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of shares	% of total shares of the Company
1.	Masuma Tradecorp Pvt Ltd	9,997	2.47	01-04-16				
				20-02-17	49,990	bought	59,987	14.85
		<b>59,987</b>	<b>14.85</b>	<b>31-03-17</b>				
2.	Rasayani Traders Pvt Ltd	49,990	12.38	01-04-16				
				20-02-17	-49,990	sold	0	0
		<b>0</b>	<b>0</b>	<b>31-03-17</b>				

No change in other promoters holding

**D) Shareholding Pattern of top ten Shareholders as on 31<sup>st</sup> March, 2017**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	No. of Shares at the beginning 01-04-16/ end of the year (31-03-17)	% of total shares of the company	Date	Increase / Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of shares	% of total shares of the company
1.	Life Insurance Corporation of India	15,529	3.84	01-04-16	0			
		<b>15,529</b>	<b>3.84</b>	<b>31-03-17</b>	0			No change during the year
2.	A. K. Gupta	10,000	2.47	01-04-16	0			
		<b>10,000</b>	<b>2.47</b>	<b>31-03-17</b>	0			No change during the year
3.	Samaj Projects Pvt Ltd	7,852	1.94	01-04-16	0			
		<b>7,852</b>	<b>1.94</b>	<b>31-03-17</b>	0			No change during the year
4.	Renu Gupta	7,351	1.82	01-04-16	0			
		<b>7,351</b>	<b>1.82</b>	<b>31-03-17</b>	0			No change during the year
5.	Sudhir Ghanshyamdas Khandelwal	5,500	1.36	01-04-16	0			
		<b>5,500</b>	<b>1.36</b>	<b>31-03-17</b>	0			No change during the year
6.	Yogendra Kumar Goyal	4,000	0.99	01-04-16	0			
		<b>4,000</b>	<b>0.99</b>	<b>31-03-17</b>	0			No change during the year
7.	Harsha Hitesh Javeri	4,000	0.99	01-04-16				
				28-03-17	79	bought	4,079	1.01
		<b>4,079</b>	<b>1.01</b>	<b>31-03-17</b>				
8.	Hitesh Ramji Javeri	3,950	0.98	01-04-16				
				22-04-16	110	bought	4,060	1.00
		<b>4,060</b>	<b>1.00</b>	<b>31-03-17</b>				
9.	Mohinder Awasthi	3,508	0.87	01-04-16				
				20-03-17	-5	sold	3,503	0.86
				28-03-17	-100	sold	3,403	0.84
		<b>3,403</b>	<b>0.84</b>	<b>31-03-17</b>				
10.	Ravi Jain	3,050	0.75	01-04-16				
				22-07-16	-50	sold	3,000	0.74
				26-08-16	-16	sold	2,984	0.74
				02-09-16	-34	sold	2,950	0.73
		<b>2,950</b>	<b>0.73</b>	<b>31-03-17</b>				
11.	Mitali Hitesh Javeri	2,274	0.56	01-04-16				
				06-05-16	225	bought	2,499	0.62
				13-05-16	201	bought	2,700	0.67
				21-10-16	450	bought	3,150	0.78
		<b>3,150</b>	<b>0.78</b>	<b>31-03-17</b>				



## E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	No. of shares at the beginning 01-04-16/ end of the year (31-03-17)	% of total shares of the Company	Date	Increase / Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
							No. of shares	% of total shares of the Company
<b>Directors</b>								
1	Mr. P. T. Kilachand	2,127	0.53	01-04-16	0	No change during the year		
		<b>2,127</b>	<b>0.53</b>	<b>31-03-17</b>	0			
2	Mr. T. R. Kilachand	1,938	0.48	01-04-16	0	No change during the year		
		<b>1,938</b>	<b>0.48</b>	<b>31-03-17</b>	0			
3	Mr. N. T. Kilachand	1,335	0.33	01-04-16	0	No change during the year		
		<b>1,335</b>	<b>0.33</b>	<b>31-03-17</b>	0			
4	Mr. A. H. Mehta	05	0.00	01-04-16	0	No change during the year		
		<b>05</b>	<b>0.00</b>	<b>31-03-17</b>	0			
5	Mr. V. V. Sahasrabudhe	Do not hold any shares in the Company						
6	Mr. C. R. Desai	Do not hold any shares in the Company						
7	Ms. N. S. Mehendale	Do not hold any shares in the Company						
8	Mr. Y. S. Mathur	Do not hold any shares in the Company						
<b>KMPs</b>								
9	Ms. K. V. Panchasara	Do not hold any shares in the Company						
10	Ms. D. V. Chauhan	Do not hold any shares in the Company						

## V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment. – N.A

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

N. A.





## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		P. T. Kilachand - MD	A. H. Mehta – Dy. MD	
1	Gross salary	*2,664,471	*1,949,659	4,614,130
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,786,271	1,841,959	3,628,230
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	878,200	107,700	985,900
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	<b>2,664,471</b>	<b>1,949,659</b>	<b>4,614,130</b>
	Ceiling as per the Act			16,800,000

\* Excluding Provident Fund and Superannuation Fund

B. Remuneration to other directors (in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		V. V. Sahasrabudhe	C. R. Desai	N. S. Mehendale	Y. S. Mathur	N. T. Kilachand	
		<b>Independent Directors</b>					
1	<b>Independent Directors</b>						
	Fee for attending board & committee meetings	27,000	27,000	15,000	18,000	-	87,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	27,000	27,000	15,000	18,000	-	<b>87,000</b>
2	<b>Other Non-Executive Directors</b>						
	Fee for attending board committee meetings	-	-	-	-	15,000	15,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)					15,000	15,000
	Total (B)=(1+2)	<b>27,000</b>	<b>27,000</b>	<b>15,000</b>	<b>18,000</b>	<b>15,000</b>	<b>15,000</b>
	Total Managerial Remuneration	N.A	N.A	N.A	N.A	N.A	N.A
	Overall Ceiling as per the Act	N.A	N.A	N.A	N.A	N.A	N.A



## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Deepali V. Chauhan	Kanan V. Panchasara	Total
		CS	CFO	
1	Gross salary	*479,241	*1,371,792	1,851,033
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	479,241	1,371,792	1,851,033
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	479,241	1,371,792	1,851,033

\*Excluding Provident Fund

## 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 (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

No such Penalties or Punishment or Compounding of offence was there during the Financial Year 2016-17 under Companies Act, 2013.

**ANNEXURE III**

Form No. MR-3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

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

To,  
The Members,  
POLYCHEM LIMITED  
7, JAMSHEDJI TATA ROAD,  
CHURCHGATE RECLAMATION,  
MUMBAI -400020.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **POLYCHEM LIMITED (CIN: L24100MH1955PLC009663)** (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.

Based on our verification of **POLYCHEM LIMITED** 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 **1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017** "the reporting 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 March 31, 2017, according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not applicable to the Company during the audit period.;**
- (v) 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
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009-**Not applicable to the Company during the audit period.**
  - d. The Securities and Exchange Board of India (Employee Stock Options 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 as the Company has not issued any debt securities during the period under review.**
  - f. The securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the companies act and dealing with client. **Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.**
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not applicable as the Company has not delisted its equity shares from any stock exchange during the period under review.**



- h. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back any of its securities during the period under review.**

We have relied on the certificates obtained by the Company from the Management Committee/Function heads and based on the report received, there has been due compliance of all laws, orders, regulations and other legal requirements of the central, state and other Government and legal Authorities concerning the business and affairs of the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Factories Act, 1948;
2. Industrial Disputes Act, 1947;
3. Labour Laws and other incidental laws;
4. Environment Protection Act, 1986 and other Environmental Laws;
5. Employees State Insurance Act, 1948;
6. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003;
7. Indian Contract Act, 1872;
8. Minimum Wages Act, 1948;
9. Negotiable Instruments Act, 1881;
10. The Trade Marks Act 1999;
11. The Patents Act, 1970;
12. The Copyright Act, 1957;
13. The Legal metrology Act, 2009;
14. Acts as prescribed under Shop and Establishments act of various local authorities.

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by 'The Institute of Company Secretaries of India.'
- b) The Listing Agreement entered into by the Company with the Stock Exchanges as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 the compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meeting, 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.

Majority decision is carried through, while the dissenting members views are captured and recorded as part of the minutes.

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

**For Ragini Chokshi & Co.**

Place: Mumbai  
Date: May 3, 2017.

**Ragini Chokshi**  
**(Partner)**  
C.P.NO. 1436  
FCS NO. 2390



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. Overview:

Company is operating in the manufacturing of Specialty Chemicals and development of property / land.

#### Opportunities:

Our customers for the specialty polymers are in investment casting Industry. The major end user segment for investment cast products is automotive, aerospace industry, valves & instruments. Currently automobile industry in India looks to be in the upswing which can create a better market for our products. Export market is stable.

The second specialty product is used as filler in cement for structural repair of columns & beams in the old buildings. The demand for this product is stable.

#### Threats:

The basic raw material for the majority of our products is Styrene Monomer. The styrene price is highly volatile.

We have direct threat from two competitors for Cross Linked Polystyrene. They are M/s Thermax Limited & M/s Makevale. Both of them overtake us on price.

#### Risks & concerns:

Due to price fluctuation in the main raw material i.e. styrene monomer and no corresponding increase in the price of our finished products, the margin on our finished products in the domestic market is a major area of concern.

#### Outlook:

Substantial part of Company's sales consists of Exports. Currently the export market is stable, but the competition from Thermax and Makevale forces us to lower our price, thereby realization.

#### Financial Performance:

##### 1) Share Capital:

The issued and paid-up share capital of the Company is Rs. 40.40 lakhs consisting of 4,04,045 equity shares of Rs.10/- each as on 31st March, 2017.

##### 2) Reserves and Surplus:

As on 31st March, 2017 the reserves and surplus are Rs.1653.52 lakhs.

##### 3) Secured Loans:

There are no secured loans outstanding as on 31st March, 2017.

##### 4) Results of Operation:

Revenue for the current year including other income amounts to Rs.1,553.19 lakhs compared to Rs. 1371.30 lakhs in the previous year. Profit before tax is Rs.27.20 Lakhs compared to Profit before tax of Rs. 54.54 Lakhs during the previous year. Write-back of tax (net) including deferred tax during the year is 18.12 lakhs compared to Write-off of tax (net) of previous year Rs. 12.39 lakhs. Profit after tax amounts to Rs.45.32 Lakhs during the year compared to profit of Rs. 42.15 Lakhs during the previous year.

#### Industry Structure & Development:

Our Company is manufacturing and selling Specialty Chemicals.

#### Segment wise Performance:

There are two income generating segments. Segment-wise revenue for the year ended 31st March, 2017 is as follows. viz. (1) Property / Land Rs. NIL (2) Specialty Chemicals Rs.1405.27 Lakhs. The sale of Specialty Chemicals has shown reasonable growth.

#### Internal Control System:

Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials and fixed assets and for the sale of goods.

#### Human Resources:

The Company has good relation with its employees.

**CORPORATE GOVERNANCE REPORT (2016-2017)**
**I. Statement on Company's philosophy on code of governance**

The Company's philosophy on corporate governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, lenders and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder value in the long term.

**II. Board of Directors**

The Board of Directors comprises of eight members out of them one is a woman director. They are responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

The Composition of the Board of Directors, Attendance of each Director at the Board Meeting, last AGM, sitting fees paid and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairmanship/ Membership of Board Committees includes only audit and Stakeholders Relationship Committees.

**1. Financial year April 16 to March 17:**

Name of the Director	Attendance Particulars					No. of other Directorships and Committee Membership/Chairmanship	
	Category	No. of Board Meeting held	No. of Meetings Attended	Last AGM held on 10/08/2016	Sitting Fees paid (Rs.)	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T. R. Kilachand	NEC(P)	5	5	Yes	15000	2	2 Committee Membership & 1 Chairmanship
Mr. P. T. Kilachand	MD(P)	5	5	Yes	--	4	2 Committee Membership
Mr. V. V. Sahasrabudhe	NED(I)	5	5	Yes	15000	--	--
Mr. C. R. Desai	NED(I)	5	5	Yes	15000	1	--
Mr. N. T. Kilachand	NED(P)	5	5	Yes	15000	2	--
Mr. A. H. Mehta	Dy.MD	5	5	Yes	--	3	--
Ms. N. S. Mehendale	NED(I)	5	5	Yes	15000	--	--
Mr. Y. S. Mathur	NED(I)	5	3	Yes	9000	--	--

**Notes:**

1. NEC(P) – Non - Executive Chairman and Promoter.
2. NED(I) – Non-Executive Director - Independent
3. MD(P) – Managing Director and Promoter
4. NED(P) – Non-Executive Director & Promoter
5. Dy.MD – Deputy Managing Director

**2. Number of Board Meetings held and dates on which held:**

During the financial year 2016-17, five Board meetings were held on the following dates:

- (a) 17<sup>th</sup> May, 2016; (b) 11<sup>th</sup> July, 2016; (c) 10<sup>th</sup> August, 2016;  
(d) 10<sup>th</sup> November, 2016; and (e) 9<sup>th</sup> February, 2017



**3. Disclosure of Relationships between directors inter-se:**

Mr. P. T. Kilachand, Managing Director and Mr. N. T. Kilachand, Director are sons of Mr. T. R. Kilachand, Chairman of the Company.

**4. Separate Meeting of Independent Director**

As stipulated by the code of Independent Directors under the Companies Act, 2013, and under regulation 25(3) of SEBI (LODR) Regulations, 2015, a separate meeting of the Independent directors of the company was held on 9<sup>th</sup> February, 2017 to review the performance of Non - Independent Directors and the Board as a whole, review of the performance of the Chairperson of the Company, assessment of the quality, quantity and timeliness of the flow of information between the Company’s Management and the Board and its committees.

Name of the Director	Member	No. of Meeting/s	
		Held	Attended
Mr. V. V. Sahasrabudhe	Chairman	1	1
Mr. C. R. Desai	Member	1	1
Mr. Y. S. Mathur	Member	1	1
Ms. N. S. Mehendale	Member	1	1

**5. Evaluation of Independent Directors and Boards Performance:**

In compliance with the companies Act, 2013 and SEBI (LODR) Regulations 2015, the performance evaluation of the Independent Directors and Board as a whole was carried out during the year, the details of the same has been already given under directors’ report.

**6. Familiarization Program:**

The Company has taken up the initiative to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the company operates, business model of the Company, etc. The details of such familiarization program has been disclosed on the company’s website

<http://www.polychemtd.com/Download/Polychem-%20Familiarisation%20Programme.pdf>

**7. Details of Director appointed and re-appointed during the year:**

The details of Director re-appointed in the ensuing Annual General Meeting has been given in the ‘Notice’ calling the Sixtieth Annual General Meeting of the Company.

**8. Details of Number of shares and Convertible Instruments held by Non-Executive directors:**

Except Mr T. R. Kilachand and Mr. N. T. Kilachand who hold 1,938 and 1,335 Equity Shares of Rs 10/- each of the Company respectively, No other Non-Executive Director holds any shares or Convertible Instruments of the Company.

**9. Code of Conduct**

The Company has framed and adopted a Code of Conduct, which is applicable to all the directors and members of the senior management in terms of Regulation 17(5)(a) of SEBI (LODR) Regulations, 2015. The said code, lays the general principles designed to guide all directors and members of the senior management in making ethical decisions.

All Directors and members of the senior management have confirmed their adherence to the provisions of the said code.

**Declaration**

As provided under Regulation 26 (3) of SEBI (LODR) Regulations, 2015, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2017.

**For POLYCHEM LIMITED  
DEEPALI V. CHAUHAN  
COMPANY SECRETARY & COMPLIANCE OFFICER**

**III. Audit Committee****(A) Terms of reference of the Audit Committee are:**

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statements and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

**(B) Composition of Audit Committee and Meeting held during the year:**

The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

During the year 2016-17, four meetings of the Audit Committee were held on the following dates:

- (a) 17<sup>th</sup> May, 2016;                      (b) 10<sup>th</sup> August, 2016;                      (c) 10<sup>th</sup> November, 2016; and                      (d) 9<sup>th</sup> February, 2017.

Name of the Director	Category	No. of Meeting/s		Sitting Fees paid (Rs.)
		held	attended	
Mr. V. V. Sahasrabudhe	Chairman	4	4	12,000/-
Mr. P. T. Kilachand	Member	4	4	-
Mr. C. R. Desai	Member	4	4	12,000/-
Mr. Y. S. Mathur	Member	4	3	9,000/-

Three members of the Audit Committee are independent. All members of the Audit committee have knowledge of finance, accounts, company law. The quorum for audit committee is minimum of two members.

The Company Secretary acts as the Secretary to the Committee.

**(C) Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Verify with regard to related party transactions, whether Committee laid down parameters for determining a particular transaction as significant and reviewed the necessity of such transactions;
3. Management letters / letters of internal control weaknesses issued by the statutory auditor;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.



**IV. Nomination and Remuneration Committee :**

It comprises of Three Directors, All of them are Non-executive Independent Directors.

**(A) Terms of Reference of Nomination and Remuneration Committee:****The Committee is empowered –**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

**(B) Composition of Nomination and Remuneration Committee and Meeting held during the year:**

The Committee comprises of Three Directors, All of them are Non-executive Independent Directors.

During the year 2016-17, two meetings of the Nomination and Remuneration Committee was held on following dates

- (a) 10<sup>th</sup> August, 2016 (b) 9<sup>th</sup> February, 2017

Name of the Director	Category	No. of Meeting/s	
		held	Attended
Mr. V. V. Sahasrabudhe	Chairman	2	2
Mr. C. R. Desai	Member	2	2
Mr. Y. S. Mathur	Member	2	2

**(C) Remuneration Policy and Details of Remuneration**

The Board has adopted the remuneration policy which is available on the website of the company.

[http://www.polychemltd.com/download/Criteria%20for%20Appointment%20&%20Evaluation%20of%20Board%20of%20Directors\\_14.pdf](http://www.polychemltd.com/download/Criteria%20for%20Appointment%20&%20Evaluation%20of%20Board%20of%20Directors_14.pdf)

**Details of Remuneration to all the directors****(in Rupees)**

Sr. No	Name of Director	Salary	Perquisites and allowances	Commission	Bonus / Incentives	Stock options granted	Sitting Fees	Total
1	Mr. T. R. Kilachand	NIL	NIL	NIL	NIL	NIL	15,000	15,000
2	Mr. P. T. Kilachand	1,786,271	878,273	NIL	NIL	NIL	NIL	2,664,471
3	Mr. A. H. Mehta	1,841,959	107,700	NIL	NIL	NIL	NIL	1,949,659
4	Mr. N. T. Kilachand	NIL	NIL	NIL	NIL	NIL	15,000	15,000
5	Mr. V. V. Sahasrabudhe	NIL	NIL	NIL	NIL	NIL	27,000	27,000
6	Mr. C. R. Desai	NIL	NIL	NIL	NIL	NIL	27,000	27,000
7	Ms. N.S. Mehendale	NIL	NIL	NIL	NIL	NIL	15,000	15,000
8	Mr. Y. S. Mathur	NIL	NIL	NIL	NIL	NIL	18,000	18,000

Note: The remuneration to the Directors does not include gratuity and superannuation.

**V. Stakeholders Relationship Committee:**

The Constitution of Stakeholders Relationship Committee is as per requirement of Section 178(5) of the Companies Act, 2013. The Committee has been delegated the power of attending to share transfers.

There are no transfers pending as at the date of certification of compliance of conditions of corporate governance.



Mr. V. V. Sahasrabudhe, Non – Executive and Independent Director heads the committee.

Sr. No.	Name of the Director	Category	No. of Meeting/s	
			Held	Attended
1.	Mr. V. V.Sahasrabudhe	Chairman	8	8
2.	Mr. T. R. Kilachand	Member	8	7
3.	Mr. P. T. Kilachand	Member	8	8

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of Share Certificates and investors complaints etc.

Ms. D. V. Chauhan, Company Secretary & Compliance Officer provided secretarial support to the Committee and was also the designated Compliance Officer of the Company.

2 complaints were received during the year ended on 31<sup>st</sup> March, 2017 which were disposed off within time limit and no complaints were pending as on 31<sup>st</sup> March, 2017.

## VI. General Body Meetings

### Annual General Meeting (AGM)

The particulars of Annual General Meetings / Extraordinary General Meetings of the Company held during the last 3 years are as under.

Year	Day, Date and Time	Venue	Whether Special Resolution Passed
2013-2014	57 <sup>th</sup> AGM held on Tuesday, 5 <sup>th</sup> August, 2014 at 10.30 a.m	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 Kaikhushru Dubhash Marg, Mumbai - 400 001.	Yes
2014-2015	58 <sup>th</sup> AGM held on Tuesday, 27 <sup>th</sup> July, 2015 at 11.00 a.m	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 Kaikhushru Dubhash Marg, Mumbai - 400 001.	Yes
2015-2016	59 <sup>th</sup> AGM held on Tuesday, 10 <sup>th</sup> August, 2016 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 <sup>th</sup> Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	Yes

No Resolutions have been passed through Postal Ballot during the last 3 years.

## VII. Disclosure

Mr. P. T. Kilachand, Managing Director, Mr. A. H. Mehta, Dy. Managing Director and Ms. K. V. Panchasara, Manager, Finance and Taxation & CFO, constitutes 'Management'.

### 1. Disclosures on materially significant related party transactions that may have a potential conflict with the interest of company at large.

The Board noted that certificate has been received from the management that there have not been any material financial or commercial transactions during the year where management has personal interest that may have a potential conflict with the interest of company at large.

The details of transactions of the company with the related parties have been disclosed as Note No.28 of the Notes on Accounts.

### 2. Details of Non-Compliance by the company, penalties, strictures :

There were no instances of non-compliance and no strictures or Material penalties imposed on the Company either by SEBI, Stock Exchange or any statutory authorities on any matter related to capital markets during the last three years.

**3. Whistle Blower Mechanism**

The Company has adopted the whistle blower policy and has established a vigil mechanism under Regulation 22 of SEBI (LODR) Regulations 2015, the details of mechanism and policy have been disclosed on the website.

It is hereby affirmed that no person has been denied access to the audit committee.

**4. Details of Compliance with Mandatory Requirements :**

The company has complied with all the mandatory requirements as mentioned in SEBI (LODR) Regulations, 2015.

**5. Web Link of Policies :**

- a) The Company has a listed subsidiary and is in process of framing a policy for determining "material" subsidiary.
- b) The Company has framed a Policy on Related Party transaction, the weblink for the same is [http://www.polychemltd.com/download/Related%20Party%20Transaction%20Policy\\_14.pdf](http://www.polychemltd.com/download/Related%20Party%20Transaction%20Policy_14.pdf).
- c) The Company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities are not required.

**6. There is no Non-Compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of the Part C of Schedule V of the Listing Regulations.****VIII. CEO/CFO Certification**

Mr. A. H. Mehta, Dy. Managing Director and Ms. K. V. Panchasara, Manager, Finance and Taxation & CFO, of the Company has certified to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:-
  1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee those deficiencies of which they are aware, in the design or operation of such internal control and that they have taken the required steps to rectify these deficiencies.
- (d) They further certify that they have indicated to the Auditors and Audit Committee -
  - (i) there have been no significant changes in internal control over financial reporting during the year.
  - (ii) there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

**IX. Discretionary Requirements under regulation 27(1) of SEBI (LODR) Regulations, 2015:**

The company has complied with all the Mandatory requirements, apart from it the company has also adopted some non-mandatory requirements as follows

1. Audit Qualifications:
  - (a) The Company's financial statement for the year ended 31<sup>st</sup> March, 2017 does not contain any qualification.
  - (b) Secretarial Audit Report for the year ended 31<sup>st</sup> March, 2017 does not contain any qualifications.
2. Separate posts of Chairman and CEO : The Chairman of the Board's position is separate from that of Managing Director.
3. Reporting of Internal Auditor : The Internal Auditor reports to the Audit Committee.

**X. Means of Communications:**

The quarterly results are communicated to Bombay Stock Exchange Ltd., Mumbai. These results are also published in the one English Newspaper i.e The Free press Journal and one Regional language newspaper i.e Navshakti times. Results of 4<sup>th</sup> quarter i.e Quarter ended 31<sup>st</sup> March, 2017 has been uploaded on the website of the company i.e www.polychemltd.com.

**XI. General Shareholder Information:**

<b>AGM: Date Time Venue</b>	24 <sup>th</sup> August, 2017. 11 a.m. Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 <sup>th</sup> Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.
<b>Financial Year</b>	April 2016 to March 2017
<b>e-voting period</b>	From 9.00 a.m, Monday, 21 <sup>st</sup> August, 2017 to 5 p.m, Wednesday, 23 <sup>rd</sup> August, 2017.
<b>Cut-off date for e-voting</b>	17 <sup>th</sup> August, 2017
<b>Dates of Book Closure</b>	Tuesday 25 <sup>th</sup> July, 2017 to Tuesday 1 <sup>st</sup> August, 2017 (both days inclusive)
<b>Dividend Payment Date</b>	Dividend will be paid within 30 days of approval of the same in the Annual General Meeting
<b>Listing on Stock Exchange</b>	Bombay Stock Exchange Ltd. Mumbai
<b>Demat ISIN Numbers in NSDL &amp; CDSL for Equity Shares</b>	INE 752B01024
<b>Stock Code</b>	Mumbai 506605
<b>Market price Data: High, Low during each Month in the financial year 2016-17</b>	See Table No. 1 below
<b>Registrar and Share Transfer Agents</b>	M/s. LINK Intime India Pvt Ltd. C 101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400 083. Telephone : +91 022 49186000 Fax : +91 022 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in
<b>Share Transfer System</b>	Share Transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects.
<b>Distribution of shareholding &amp; Category-wise distribution</b>	See table No. 2 & 3
<b>De-materialization of shares and liquidity</b>	See table No. 4
<b>Plant Location</b>	<b>SPECIALTY CHEMICALS</b> W91, MIDC Phase II, Sonarpada, Dombivali (E ) 421 203. Maharashtra
<b>Address for correspondence</b>	Registered Office: 7, J.Tata Road, Churchgate Reclamation, Mumbai 400 020. Telephone : 022 22820048 Fax : 022 22850606 Email : polychemltd@kilachand.com Website : www.polychemltd.com CIN: L24100MH1955PLC009663

**Table 1 - Market Price Data**

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai, during the financial year 2016-2017:

Month	High(Rs.)	Low(Rs.)	Total No. of shares traded.
April - 2016	395.00	361.00	479
May - 2016	440.00	372.00	2,102
June - 2016	395.00	340.00	467
July - 2016	410.00	343.00	1,067
August - 2016	560.00	350.00	2,566
September - 2016	525.00	416.00	608
October - 2016	478.00	425.00	908
November - 2016	458.00	373.00	861
December - 2016	418.90	355.10	218
January - 2017	419.00	365.00	140
February - 2017	449.95	365.00	2,198
March - 2017	450.00	386.00	1,337

**Table 2 - Distribution of shareholding as on 31-3-2017**

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 500	101,712	25.17	10,223	99.56
501 to 1,000	9,323	2.31	13	0.13
1,001 to 2,000	18,606	4.60	14	0.13
2,001 to 3,000	7,779	1.93	3	0.03
3,001 to 4,000	10,553	2.61	3	0.03
4,001 to 5,000	13,139	3.26	3	0.03
5,001 to 10,000	32,777	8.11	4	0.04
10,001 and above	210,156	52.01	5	0.05
<b>Total</b>	<b>4,04,045</b>	<b>100.00</b>	<b>10,268</b>	<b>100.00</b>

**Table 3 - Category wise distribution of shareholding as on 31-03-2017**

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	9	2,10,465	52.09
2.	Institutions			
	a. Mutual Funds/UTI	1	162	0.04
	b. Banks / FI	14	1,004	0.25
	c. Insurance Companies	2	15,531	3.84
	d. Others	4	689	0.17
3.	Non- Institutions			
	a. Bodies Corporate	47	9,690	2.40
	b. NRI	34	553	0.14
	c. HUF	52	9,458	2.34
	d. Clearing Members	12	206	0.05
	e. Trusts	6	196	0.05
4.	Directors other than promoters and their relatives	2	30	0.01
5.	Resident Individuals	10,085	1,56,061	38.62
	<b>Total</b>	<b>10,268</b>	<b>404,045</b>	<b>100</b>

**Table 4 - Break-up of shares in physical & electronic mode as on 31-03-2017**

Mode	No of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	7,624	74.25	51,719	12.80
Electronic	2,644	25.75	352,326	87.20
<b>Total</b>	<b>10,268</b>	<b>100.00</b>	<b>404,045</b>	<b>100.00</b>



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**CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the Members of **Polychem Limited**

We have examined the compliance of conditions of Corporate Governance by Polychem Limited ("the Company") for the financial year ended March 31, 2017 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out the examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 in so far as applicable for the purpose of this certificate.

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 the Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.

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

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**  
(Firm Registration No. 104767W)

**YAGNESH MEHTA**  
Partner  
(Membership No. 034275)

**Place:** Mumbai  
**Date:** May 30, 2017

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCHEM LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements **POLYCHEM LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 relevant rules issued thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2017, and its profit and its cash flows for the year ended on that date.



**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 section 143(11) of the Act, we give in the "Annexure A" statement on the matters specified in paragraph 3 and 4 of the said Order, to the extent applicable.
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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
  - (e) On the basis of the written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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 does not have any pending litigation, which would impact its financial position in its standalone financial statements – Refer Note no. 24 to the standalone financial statements.
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. there were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealing in Specified Bank Notes during the period November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note no. 34 to the standalone financial statements.

**For G. M. KAPADIA & CO.**

**Chartered Accountants**

Firm Registration No.104767W

**YAGNESH MEHTA**

Partner

Membership No. 034275

**Place:** Mumbai

**Date:** May 30, 2017



**“ANNEXURE A” TO THE AUDITOR’S REPORT**

The annexure referred to in Independent Auditor’s Report to the members of the Company on the standalone financial statements for the year ended March 31, 2017, we report that:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment;
- (b) All the Property, Plant and equipment have been physically verified by the management during the year according to a phased programme as designed by the management. This, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. We have been further informed that there is no material discrepancies between the book records and the physical verification have been noticed;
- (c) According to the information and explanation given to us the Company does not hold any immovable properties, so this clause is not applicable;
- ii. The inventories have been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable. The procedures of physical verification, in our opinion, are reasonable and adequate in relation to size of the Company and nature of its business. The Company is maintaining proper records of inventories. No discrepancies were noticed on verification between the physical inventories and the book records;
- iii. The Company has not granted any loans, secured or unsecured to company covered in the register maintained under section 189 of the Act during the year;
  - (a) Since the company has not given any loan during the year, so the provision of sub- clause (a) of clause (iii) of paragraph 3 of the Order is not applicable;
  - (b) According to the information and explanation given to us, no repayment schedule has been specified for the outstanding balance amount of the loan given by the company in the earlier periods and accordingly, the question of regularity in repayment of principal amount does not arise;
  - (c) There are no overdue amounts in respect of such loan;
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made;
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 73 to 76 or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal;
- vi. The provisions of clause (vi) of paragraph 3 of the Order relating to maintenance of cost records are not applicable;
- vii. (a) According to the information and explanation given to us and on the basis of our examination of 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 customs, duty of excise, value added tax, cess and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities;  
According to the information and explanation given to us no undisputed amount payable in respect of outstanding statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable;
- (b) According to the information and explanation given to us, there are no outstanding disputed dues payable by the Company in case of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues except disputed dues as under as on March 31, 2017;

Name of the Statute	Nature of dues	Financial Year	Amt in Rs (000’s)	Authority with whom appeal is pending
The E.S.I.C. Act, 1948	ESIC	2000-01	188	Assistant Director (Maharashtra)

- viii. The Company has neither raised any loans from banks and financial Institutions nor issued any debentures, therefore the provisions of paragraph 3 (viii) of the Order regarding default in repayment of dues to banks and debenture holders are not applicable to the Company.



- ix. In our opinion, and according to the information and explanation given to us, the company has not taken any term loans and therefore clause (ix) of paragraph 3 of the Order is not applicable and the Company did not raise any money by way of initial public offer or further public offer or debt instrument;
- x. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanation given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year;
- xi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid or provided managerial remuneration in accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013;
- xii. In our opinion and according to the information and explanation given to us, the Company is not Nidhi Company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable;
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards;
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placements of shares or partly convertible debentures during the year;
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable;
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**

Firm Registration No.104767W

**YAGNESH MEHTA**

Partner

Membership No. 034275

**Place:** Mumbai

**Date:** May 30, 2017

## **“ANNEXURE B” TO THE AUDITOR’S REPORT**

### **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 of **POLYCHEM LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone 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 (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**  
Firm Registration No.104767W

**YAGNESH MEHTA**  
Partner

Membership No. 034275

Place: Mumbai  
Date: May 30, 2017

**BALANCE SHEET AS AT MARCH 31, 2017**

(Amount in '000)

Particulars	Note No.	As at March 31	
		2017	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	4,040	4,040
Reserves & surplus	3	165,231	160,699
		<u>169,271</u>	<u>164,739</u>
<b>Current liabilities</b>			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Others	4	9,546	7,257
Other current liabilities	5	5,166	2,772
Short term provisions	6	1,114	1,883
		<u>15,826</u>	<u>11,912</u>
<b>Total</b>		<b><u>185,097</u></b>	<b><u>176,651</u></b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, Plant & Equipment	7		
Tangible assets		3,944	5,001
Intangible assets		249	387
		<u>4,193</u>	<u>5,388</u>
Non current investments	8	33,495	33,326
Deferred tax asset (net)	9	1,470	1,242
Long term loans and advances	10	9,450	6,607
Other non current assets	11	2,094	2,094
		<u>50,702</u>	<u>48,657</u>
<b>Current assets</b>			
Inventories	12	22,635	23,118
Trade receivables	13	23,779	23,643
Cash and other bank balance	14	27,834	25,415
Short term loans and advances	15	59,952	55,561
Other current assets	16	195	257
		<u>134,395</u>	<u>127,994</u>
<b>Total</b>		<b><u>185,097</u></b>	<b><u>176,651</u></b>
Summary of significant accounting policies	1		
These notes are an integral part of the financial statements			

As per our report of even date  
**For G. M. Kapadia & Co.**  
**Chartered Accountants**  
 Firm Registration No. 104767W  
**Yagnesh Mehta**  
 Partner  
 Membership No. 034275

For and on behalf of the Board  
**Tanil R. Kilachand**  
**Parthiv T. Kilachand**  
**Atul H. Mehta**  
**Kanan V. Panchasara**  
**Deepali V. Chauhan**

Chairman (DIN No.: 00006659)  
 Managing Director (DIN No.: 00005516)  
 Dy. Managing Director (DIN No.: 00005523)  
 Chief Financial Officer  
 Company Secretary & Compliance Officer

Place: Mumbai Dated: May 30, 2017

Place: Mumbai Dated: May 30, 2017



## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	Note No.	Year Ended March 31	
		2017	2016
<b>Revenue from operations</b>			
Revenue from operations (Gross)	17	157,915	139,191
Less: Excise duty		<u>(17,388)</u>	<u>(16,295)</u>
Revenue from operations (Net)		<u>140,527</u>	<u>122,896</u>
Other operating income		<u>3,202</u>	<u>3,444</u>
		<u>143,729</u>	<u>126,340</u>
Other Income	18	11,590	10,790
<b>Total revenue</b>		<u><b>155,319</b></u>	<u><b>137,130</b></u>
<b>EXPENSES</b>			
Cost of materials consumed	19	85,905	71,963
(Increase)/Decrease in stock of Work in Process	20	903	(2,003)
Manufacturing & other expenses	21	43,221	39,790
Employee benefits expenses	22	20,796	19,599
Depreciation & amortization	7	1,774	2,327
<b>Total Expenses</b>		<u><b>152,599</b></u>	<u><b>131,676</b></u>
<b>Profit before tax</b>		<u>2,720</u>	<u>5,454</u>
<b>Tax expense</b>			
Current tax (for the year)		1,000	1,200
Current tax (relating to prior years)		(2,585)	360
Deferred tax		(227)	(321)
		<u>(1,812)</u>	<u>1,239</u>
<b>Profit/(Loss) after tax</b>		<u><b>4,532</b></u>	<u><b>4,215</b></u>
<b>Earning/(Loss) per equity share (Nominal Value of share – Rs.10 each)</b>			
<b>No. of Equity Shares</b>		<b>404,045</b>	<b>404,045</b>
<b>Basic &amp; Diluted</b>	27	<b>11.22</b>	<b>10.43</b>
Summary of significant accounting policies	1		
These notes are an integral part of the financial statements.			

As per our report of even date

For G. M. Kapadia &amp; Co.

Chartered Accountants

Firm Registration No. 104767W

Yagnesh Mehta

Partner

Membership No. 034275

For and on behalf of the Board

Tanil R. Kilachand

Parthiv T. Kilachand

Atul H. Mehta

Kanan V. Panchasara

Deepali V. Chauhan

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary &amp; Compliance Officer

Place: Mumbai Dated: May 30, 2017

Place: Mumbai Dated: May 30, 2017



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

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	2,720	5,454
Profit before tax from discontinuing operations	-	-
<b>Profit Before Tax</b>	<b>2,720</b>	<b>5,454</b>
<b>Non-cash adjustment to profit before tax:</b>		
Amount no longer payable - written back	-	(110)
Amount not recoverable - written off	44	64
Depreciation/amortization on continuing operation	1,774	2,327
Dividend Income	(35)	(54)
Reversal of Provision in the value of non current investment	(119)	1,080
Gratuity & Leave Encashment Provision	543	180
Provision for Expected Claim	-	(3,041)
Interest Income	(7,448)	(7,379)
(Profit) / Loss on sale of property, plant and equipment	-	(11)
Loss by fire	54	57
Unrealized foreign exchange (gain) / loss	153	72
<b>Operating profit before working capital changes</b>	<b>(2,314)</b>	<b>(1,361)</b>
Decrease/(increase) in trade receivables	(289)	(1,381)
Decrease/(increase) in loans and advances	(11,349)	8,740
Decrease/(increase) in other receivables	-	-
Increase/(decrease) in short term provision	447	-
Decrease/(increase) in inventory	429	(1,587)
Increase/(decrease) in trade payable	2,288	3,547
Increase/(decrease) in other current liabilities	1,850	(1,612)
Direct taxes paid (net of refunds)	5,451	(2,278)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(3,487)</b>	<b>4,066</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(580)	(1,319)
Proceeds from sale of property, plant and equipment	-	70
Investment in subsidiary	(50)	-
Fixed deposits with the bank	(2,002)	(3,750)
Interest received	7,509	7,350
Dividend received	37	52
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>4,914</b>	<b>2,402</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(1,010)	(1,010)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>(1,010)</b>	<b>(1,010)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+ C)</b>	<b>417</b>	<b>5,460</b>
Cash and cash equivalents at the beginning of the year	8,390	2,930
<b>Cash and cash equivalents at the end of the year</b>	<b>8,807</b>	<b>8,390</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	-	-
Bank balance	8,807	8,390
<b>Total cash and cash equivalents (Note No. 14)</b>	<b>8,807</b>	<b>8,390</b>

As per our report of even date

**For G. M. Kapadia & Co.****Chartered Accountants**

Firm Registration No. 104767W

**Yagnesh Mehta**

Partner

Membership No. 034275

For and on behalf of the Board

**Tanil R. Kilachand****Parthiv T. Kilachand****Atul H. Mehta****Kanan V. Panchasara****Deepali V. Chauhan**

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary &amp; Compliance Officer

Place: Mumbai Dated: May 30, 2017

Place: Mumbai Dated: May 30, 2017



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### GENERAL INFORMATION

Polychem Limited is engaged in the manufacturing of specialty chemicals and property development. The Company has manufacturing plant in India and sells it in Domestic as well as International market. The company is public limited company and is listed on the Bombay Stock Exchange (BSE).

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (i) Basis of accounting

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), under the historical cost convention and on accrual basis. These financial statements have been prepared to comply, in all material aspects with the accounting standards specified under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and provisions of the Act (to the extent notified). In accordance with proviso to section 129 (1) of the act and clause 6 of the General instructions given in Schedule III to the Act, the terms used in these financial statements are in accordance with the Accounting standard as referred to therein.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. All the divisions of the Company have normal operating cycle of less than twelve months, hence a period of twelve months has been considered for bifurcation of assets and liabilities into current and non-current as required by Schedule III to the Companies Act, 2013 for preparation of financial statements.

#### Use of Estimate

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results get materialized.

#### (ii) Property, Plant and Equipment and Depreciation & Amortization

##### a. Property, Plant and Equipment

###### Intangibles

Business application software intended for long term use are recorded at their acquisition cost and cost of assets at their carrying values.

###### Tangibles

All property, plant and equipment are stated at cost of acquisition, less accumulated depreciation and includes adjustments arising from exchange rate variations attributable to fixed assets. In the case of fixed assets acquired for new projects / expansion, interest cost borrowings, and other related expenses incurred up to the date of completion of project are capitalized.

##### b. Depreciation

###### Intangibles

Computer software is amortized over the estimated useful life of the asset.

###### Tangibles

Depreciation on tangible assets has been provided on written down method at the rates specified in Schedule II of the Companies Act, 2013, on pro rata basis.

Depreciation on additions / deletion during the year are provided on pro rata basis. Assets purchased / installed during the year costing less than Rs. 5,000 are fully depreciated.

**c. Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**(iii) Investments**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition cost of the investment is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investment are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

**(iv) Inventories**

Stores, spares and packing materials, raw materials, work-in-process and finished goods are valued at cost or net realizable value, whichever is lower. Cost of stores, spares, packing materials and raw materials is determined on FIFO basis. Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

**(v) Property under development**

Property under development represents free hold land converted into stock-in-trade on the basis of valuation made by approved valuer and development expenses incurred thereon.

**(vi) Employee benefits**

- a. Short term employee benefits (benefits which are payable within twelve months after the end of the period in which employees render services) are measured at cost.
- b. Long term employee benefits (benefits which are payable after the end of twelve months in which the employees render services) and post employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.
- c. Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and is recognized as an expense when employees have rendered service entitling them to the contributions.
- d. The cost of providing gratuity, a defined benefit contribution plan, is determined using Projected Unit Credit Method on the basis of actuarial valuation carried out by actuaries at the balance sheet date. The gratuity obligation recognized in the Balance Sheet represents the present value of the obligation as reduced by the fair value of plan assets. Actuarial gains and losses are recognized in the Statement of Profit and Loss.



**(vii) Accounting of CENVAT credit**

CENVAT credit on raw material and capital goods is accounted for by reducing the purchase of cost of raw material and capital goods respectively.

**(viii) Revenue recognition**

Revenue (Income) is recognized when no significant uncertainty as to determination or realization exists. Sales are recognized ex-works and are inclusive of excise duty and net of sales tax.

**Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

**Dividend**

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

**(ix) Foreign currency transactions**

- a. Foreign currency transactions are accounted at the exchange rate prevailing on the date of transaction.
- b. The difference between the rate at which the transactions are accounted as stated above and the contracted rate is spread over the life of the contract. The difference on account of fluctuation in the rate of exchange is dealt with in the Statement of Profit and Loss.
- c. Year end monetary assets are translated at year end rate of exchange.

**(x) Taxes on income****Current Tax**

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.

**Deferred Tax**

Deferred tax Assets and Liability on account of timing difference between taxable and accounting income is provided considering the tax rate and tax laws enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising for the timing difference are recognized to the extent that there is a reasonable certainty that sufficient future taxable income will be available, in accordance with Accounting Standard – 22, of the Institute of Chartered Accountants of India.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each Balance Sheet date.

**Minimum Alternative Tax**

Minimum Alternative Tax (MAT) is accounted for in accordance with tax laws which give rise to future economic benefits in the form of tax credit against which future income tax liability is adjusted and is recognized as an asset in the Balance Sheet.

**(xi) Segment reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses".

**(xii) Earnings per share**

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.
- b. 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.

**(xiii) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the managements' estimate required to settle the obligation at the Balance sheet date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(xiv) Contingent Liabilities & Contingent Assets**

Contingent liabilities are disclosed separately by way of note to financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved in the case of:

- i. a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii. a possible obligation, unless the probability of out flow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

**(xv) Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>2 SHARE CAPITAL</b>		
<b>Authorized share capital</b>		
40,000,000 (40,000,000) Equity shares of Rs. 10/- each	400,000	400,000
600,000 (600,000) 13.50% Redeemable cumulative preference shares of Rs. 100/- each	60,000	60,000
500,000 (500,000) Cumulative convertible preference shares of Rs. 100/- each	50,000	50,000
<b>Total</b>	<b>510,000</b>	<b>510,000</b>
<b>Issued share capital</b>		
404,045 (404,045) Equity shares of Rs 10/- each fully paid up	4,040	4,040
<b>Total</b>	<b>4,040</b>	<b>4,040</b>
<b>Subscribed &amp; paid up share capital</b>		
404,045 (404,045) Equity shares of Rs 10/- each fully paid up	4,040	4,040
<b>Total</b>	<b>4,040</b>	<b>4,040</b>

2.1 The company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

2.2 The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at March 31			
	2017		2016	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	404,045	4,040	404,045	4,040
Issued during the period	-	-	-	-
Shares brought back	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>404,045</b>	<b>4,040</b>	<b>404,045</b>	<b>4,040</b>

2.3 The details of shareholder holding more than 5% shares is set out below:

Name of the shareholder	As at March 31			
	2017		2016	
	No. of Shares	% held	No. of Shares	% held
i Virsun Investments Private Limited	80,802	19.99%	80,802	19.99%
ii Highclass Trading Private Limited	39,842	9.86%	39,842	9.86%
iii Rasayani Traders Private Limited	-	-	49,990	12.37%
iii Masuma Tradecorp Private Limited	59,987	14.85%	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>3 RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>	3,562	3,562
At the beginning and at the end of the year		
<b>Capital Redemption Reserve</b>		
At the beginning and at the end of the year	5,000	5,000
<b>Securities Premium Account</b>		
At the beginning and at the end of the year	142,437	142,437
<b>General reserves</b>		
At the beginning and at the end of the year	206,993	206,993
<b>Surplus / (deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(197,293)	(200,291)
Net Profit/(Loss) transferred from Statement of Profit and Loss	4,532	4,215
<b>Less: Appropriations</b>		
Proposed dividend on equity shares	-	(1,010)
Tax on dividend	-	(206)
<b>Net deficit in the Statement of profit and loss</b>	<b>(192,761)</b>	<b>(197,293)</b>
<b>Total</b>	<b><u>165,231</u></b>	<b><u>160,699</u></b>
<b>4 TRADE PAYABLES</b>		
Trade payable - goods	7,142	5,355
Trade payable - expenses	2,404	1,902
<b>Total</b>	<b><u>9,546</u></b>	<b><u>7,257</u></b>
<b>5 OTHER CURRENT LIABILITIES</b>		
Gratuity	1,454	1,106
Leave encashment	236	40
Other payable - expenses	2,620	1,378
Statutory liabilities	674	248
Unpaid Dividend (Refer Note No. 33)	182	-
<b>Total</b>	<b><u>5,166</u></b>	<b><u>2,772</u></b>
<b>6 SHORT TERM PROVISIONS</b>		
Provision for employee benefits	1,114	667
Proposed dividend	-	1,010
Tax on dividend	-	206
<b>Total</b>	<b><u>1,114</u></b>	<b><u>1,883</u></b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**
**7 PROPERTY, PLANT AND EQUIPMENT**

(Amount in '000)

Nature of assets	Gross Block				Depreciation				Net block	
	As at April 1, 2016	Additions	Deductions / Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	Deductions / Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>Tangible assets</b>										
Leasehold improvements	390	-	-	390	249	78	-	327	63	142
Laboratory equipments	729	-	-	729	242	126	-	368	361	487
Plant and machinery	3,137	49	-	3,186	1,124	332	-	1,456	1,730	2,013
Vehicles	3,642	-	-	3,642	2,800	280	-	3,080	562	842
Furniture & fixtures	1,940	-	-	1,940	1,137	216	-	1,353	587	804
Office equipment	1,977	55	-	2,032	1,463	259	-	1,722	310	514
Computers	1,688	395	-	2,083	1,488	264	-	1,752	331	200
<b>Total (a)</b>	<b>13,503</b>	<b>499</b>	<b>-</b>	<b>14,002</b>	<b>8,503</b>	<b>1,556</b>	<b>-</b>	<b>10,058</b>	<b>3,944</b>	<b>5,001</b>
<b>Intangible assets</b>										
Computer software	1,335	80	-	1,415	947	218	-	1,165	249	387
<b>Total (b)</b>	<b>1,335</b>	<b>80</b>	<b>-</b>	<b>1,415</b>	<b>947</b>	<b>218</b>	<b>-</b>	<b>1,165</b>	<b>249</b>	<b>387</b>
<b>Total Assets (a+b)</b>	<b>14,837</b>	<b>580</b>	<b>-</b>	<b>15,417</b>	<b>9,450</b>	<b>1,774</b>	<b>-</b>	<b>11,223</b>	<b>4,193</b>	<b>5,388</b>
Previous Year	13,589	1,319	70	14,838	7,193	2,327	70	9,450	5,388	-

**8 NON CURRENT INVESTMENTS**

Other investments (at cost unless stated otherwise)

**Quoted**
**(a) Investment in equity instruments (Quoted)**

Investment in equity instruments

(Amount in '000)

Particulars	Current year	Previous year	Current year	Previous year	Partly/Fully Paid up	As at March 31	
	No. of shares		Face value			2017	2016
Great Eastern Shipping Co. Ltd.	600	600	Rs.10/-	Rs.10/-	Fully paid	219	219
Housing Development Finance Co. Ltd.	500	500	Rs.2/-	Rs.2/-	Fully paid	206	206
ICICI Bank Ltd.	875	875	Rs.2/-	Rs.2/-	Fully paid	163	163
IDFC Ltd.	800	800	Rs.10/-	Rs.10/-	Fully paid	85	85
IDFC Bank Ltd.	800	800	Rs.10/-	Rs.10/-	Fully paid	55	55
ITC Ltd.	1,800	1,200	Re.1/-	Re.1/-	Fully paid	111	111
Larsen & Toubro Ltd.	390	390	Rs.2/-	Rs.2/-	Fully paid	452	452
Adani Port Special Economic Zone Ltd.	1,500	1,500	Rs.2/-	Rs.2/-	Fully paid	149	149
State bank of India	1,050	1,050	Re.1/-	Re.1/-	Fully paid	147	147
Reliance Industries Ltd.	292	292	Rs.10/-	Rs.10/-	Fully paid	393	393
Less: Provision for diminution						-	(119)
						393	274
Mafatlal Dyes & Chemicals Ltd.	62	62	Rs.10/-	Rs.10/-	Fully paid	-	-
DCM Shriram Industries Ltd.	6	6	Rs.10/-	Rs.10/-	Fully paid	-	-
Crecent Finstock Ltd.	9	9	Rs.10/-	Rs.10/-	Fully paid	-	-
DCM Ltd.	1	1	Rs.10/-	Rs.10/-	Fully paid	-	-
<b>Total</b>						<b>1,980</b>	<b>1,861</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## b) In Associate \*Refer Note No. 35

## Investment in equity instruments (Quoted)

(Amount in '000)

Particulars	Current year	Previous year	Current year	Previous year	Partly/Fully Paid up	As at March 31	
	No. of shares		Face value per share			2017	2016
Gujarat Poly Electronics Ltd.* (formerly known as Gujarat Poly - AVX Electronics Limited)	-	2,866,154	-	Rs 10/-	Fully paid	-	41,944
Less: Provision for diminution in value						-	(30,479)
Net value					<b>Total</b>	<b>-</b>	<b>11,465</b>

## b) In Subsidiary \*Refer Note No.35

## Investment in equity instruments (Quoted)

Particulars	Current year	Previous year	Current year	Previous year	Partly/Fully Paid up	As at March 31	
	No. of shares		Face value per share			2017	2016
Gujarat Poly Electronics Ltd.* (formerly known as Gujarat Poly - AVX Electronics Limited)	4,616,152	-	Rs 10/-	-	Fully paid	41,994	-
Less: Provision for diminution in value						(30,479)	-
Net value					<b>Total</b>	<b>11,515</b>	<b>-</b>

## Unquoted

## (a) Investment in mutual funds (Unquoted)

Particulars	Current year	Previous year	Current year	Previous year	Partly/Fully Paid up	As at March 31	
	No. of units		Face value per unit			2017	2016
HDFCFloatingRate IncomeFund-(G)	218,652	218,652	Rs.10/-	Rs.10/-	Fully paid	5,000	5,000
HDFC - STP - (G)	293,417	293,417	Rs.10/-	Rs.10/-	Fully paid	7,500	7,500
DSP Black rock - SBF - Institutional Plan - (G)	4,905	4,905	Rs.10/-	Rs.10/-	Fully paid	7,500	7,500
					<b>Total</b>	<b>20,000</b>	<b>20,000</b>

## (b) Investment in preference shares (Unquoted)

Particulars	Current year	Previous year	Face value per share	Partly/Fully Paid up	As at March 31	
	No. of shares				2017	2016
Gujarat Poly Electronics Ltd.* (formerly known as Gujarat Poly - AVX Electronics Limited)						
1/2 % Non cumulative redeemable preference shares	668,280	668,280	100/-	Fully paid	1,080	1,080
Less: Provision for diminution					1,080	1,080
				<b>Total</b>	<b>-</b>	<b>-</b>

Total Non current investments

Total 33,495 33,326



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
Aggregate value of quoted investments		
Cost	43,974	43,924
Market Value	45,251	29,050
Aggregate provision for diminution	30,479	30,598
Aggregate value of unquoted investments		
In mutual funds		
Cost	20,000	20,000
Net asset value	25,305	23,085
In preference shares		
Cost	1,080	1,080
Aggregate provision for diminution	1,080	1,080
<b>9 DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred tax assets/liabilities (net)</b>		
<b>Deferred tax assets on account of :</b>		
Property, Plant and Equipment: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1,357	1,242
Disallowances u/s 43(B) of Income Tax Act, 1961	113	-
<b>Deferred tax liabilities on account of:</b>	-	-
<b>Net deferred tax assets</b>	<b>1,470</b>	<b>1,242</b>
<b>10 LONG TERM LOANS AND ADVANCES</b>		
<u>Unsecured, considered good</u>		
Security deposits	1,187	1,157
	(a) <b>1,187</b>	<b>1,157</b>
<b>Other loans and advances</b>		
Advance tax (net of provision)	983	873
Prepaid expenses	48	392
Balances with statutory/ government authorities	6,853	3,396
Advance to employees	241	476
Loan to employees	138	313
	(a) <b>8,263</b>	<b>5,450</b>
<b>Sub Total (a+b)</b>	<b>9,450</b>	<b>6,607</b>
<b>11 OTHER NON CURRENT ASSETS</b>		
<b>Term Deposits with banks</b>		
More than 12 months maturity	2,094	2,094
<b>Total</b>	<b>2,094</b>	<b>2,094</b>
<b>12 INVENTORIES</b>		
Raw materials and components	2,032	1,647
Work-in-process	3,534	4,565
Packing Material ,Stores & spares	277	242
Property Development	16,792	16,664
<b>Total</b>	<b>22,635</b>	<b>23,118</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>13 TRADE RECEIVABLES</b>		
Unsecured, considered good	23,779	23,643
	<u>23,779</u>	<u>23,643</u>
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	23,779	23,643
<b>Total</b>	<u><b>23,779</b></u>	<u><b>23,643</b></u>
<b>14 CASH AND OTHER BANK BALANCE</b>		
<b>Cash &amp; cash equivalent</b>		
<u>Balances with banks:</u>		
On current account	2,507	3,590
Bank deposits with less than 3 months maturity	6,300	4,800
Cash on hand	-	-
<b>(a)</b>	<u>8,807</u>	<u>8,390</u>
<b>Other bank balances</b>		
<u>Term deposits with banks</u>		
More than 3 months but less than 12 months maturity	19,027	17,025
<b>(b)</b>	<u>19,027</u>	<u>17,025</u>
<b>Total (a+b)</b>	<u><b>27,834</b></u>	<u><b>25,415</b></u>
Lien marked on Deposit of Rs.3,600('000) for obtaining forward contract exposure with HDFC Bank in respect of trade receivables .		
Lien marked on Deposit of Rs.125('000) for issuance of guarantee in favor of Regional Officer, Maharashtra Pollution Control Board, Kalyan.		
Lien marked on Deposit of Rs.500('000) for issuance of Corporate Expense card by HDFC Bank .		
<b>15 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured considered good</b>		
Advance tax (net of provision)	2,252	6,143
Balances with statutory/government authorities	5,965	928
Inter corporate deposit	275	374
Advance to employees	791	763
Loans to employees	156	156
Advances to suppliers/service providers	246	28
Prepaid expenses	516	122
<b>Loans and advances to related parties</b>		
Gujarat Poly Electronics Ltd.*	49,751	47,046
(formerly known as Gujarat Poly - AVX Electronics Limited)		
<b>Total</b>	<u><b>59,952</b></u>	<u><b>55,561</b></u>
<b>16 OTHER CURRENT ASSETS</b>		
<b>Unsecured considered good</b>		
Interest accrued but not due	195	255
Dividend receivable	-	2
<b>Total</b>	<u><b>195</b></u>	<u><b>257</b></u>





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>17 REVENUE FROM OPERATIONS</b>		
Sale of products (Net)	140,527	122,896
Sale of property	-	-
	<u>140,527</u>	<u>122,896</u>
<b>Other operating revenues</b>		
Exchange gain difference	1,194	1,693
Duty drawback received	1,894	1,663
Sale of scrap	114	88
	<u>3,202</u>	<u>3,444</u>
<b>Total</b>	<b><u>143,729</u></b>	<b><u>126,340</u></b>
<b>18 OTHER INCOME</b>		
Interest income	11,436	7,379
Dividend income	35	54
<b>Other non-operating income</b>		
Gratuity & leave encashment provision written back	-	194
Amount not payable written back	-	110
Reversal of provision in the value of non current investments	119	-
Other sundry income	-	1
Profit on sale of fixed asset	-	11
Reversal of Expected Claim	-	3,041
<b>Total</b>	<b><u>11,590</u></b>	<b><u>10,790</u></b>
<b>19 COST OF RAW MATERIAL CONSUMED</b>		
Opening stock	1,647	2,021
Purchases	86,414	71,786
Less :Closing stock	(2,032)	(1,647)
Less : Loss by fire	(124)	(198)
<b>Total</b>	<b><u>85,905</u></b>	<b><u>71,963</u></b>
<b>20 (INCREASE)/DECREASE IN WORK IN PROCESS</b>		
<b>Work in process</b>		
Closing stock	3,534	4,565
Less: Opening stock	(4,565)	(2,748)
	<u>(1,031)</u>	<u>1,817</u>
<b>Property Development</b>		
Closing stock	16,792	16,664
Less: Opening stock	(16,664)	(16,478)
	<u>128</u>	<u>186</u>
<b>Total</b>	<b><u>903</u></b>	<b><u>(2,003)</u></b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>21 MANUFACTURING &amp; OTHER EXPENSES</b>		
Advertisement expenses	81	135
Amount not recoverable written off	44	54
Conversion & processing charges	20,336	16,513
Conveyance & travelling expenses	1,028	665
Diminution in the value of investments	-	1,080
Director sitting fees	117	123
Donation	10	310
Electric Power, oil fuel and water charges	422	457
General charges	557	878
Insurance charges	196	190
ISO & certification expenses	136	87
Interest on statutory dues	424	35
Land development expenses	128	186
Legal and professional fees	4,475	4,685
Loss by Fire	54	57
Membership & subscription	780	723
Miscellaneous expenses	479	564
Motor car expenses	1,645	1,429
Postage & courier expenses	105	143
Printing & Stationery expenses	739	636
<b>Payment to Auditors</b>		
Audit fees	150	150
Limited review fees	150	150
Consolidation fees	50	-
Tax audit fees	70	70
Other matters	252	149
Rates & Taxes	461	173
Rent	2,293	3,061
<b>Repair &amp; Maintenance</b>		
Computer	216	201
Machinery	7	26
Others	1,172	410
Selling & distributions expenses	4,396	4,210
<b>Packing Material, Stores &amp; spares</b>		
Opening Stock	242	
Add : Purchase during the year	1,610	
Less : Closing Stock	(277)	
Telephone expenses	674	707
<b>Total</b>	<b>43,221</b>	<b>39,790</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>22 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and incentives	16,402	15,002
<b>Contributions to funds</b>		
Provident fund & other funds	1,242	1,361
Gratuity & Super annuation fund	1,611	1,679
Other benefits	456	372
	3,309	3,412
Staff welfare expenses	1,085	1,185
<b>Total</b>	<b>20,796</b>	<b>19,599</b>
<b>23 EARNINGS IN FOREIGN EXCHANGE</b>		
Export of goods calculated on FOB basis	101,410	90,516
Expenditure in foreign currency	379	234
<b>24 Contingent Liabilities</b>		
i Claims against the Company not acknowledged as debts:	2,873	2,708
Relates to octroi matter, employees claims etc. (No provision is made, as the company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallize).		
ii Disputed income tax liabilities contested by the Company	-	8,257
iii Disputed cenvat credit-wrong, availed liabilities contested by the Company	-	2,238
iv The Company has taken certain premises on sub-lease. The landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorised Occupants) Act,1971 against the Company for eviction and has demanded damages and other charges,which are disputed by the Company.The proceedings in this connection are pending before the Estate officer. The Contingent liability in respect of damages,interest claimed by the Insurance Company cannot be quantified.		
<b>25 Amount of lease rental charged to the Statement Profit and Loss in respect of premises taken on cancellable operating lease is Rs. 2,122('000) (Previous Year Rs. 2,038('000)).</b>		
<b>26 Employee benefits</b>		
<b>(i) Defined contribution plans:</b>		
Company's contribution to Provident Fund is Rs.1,076('000) (Previous year Rs. 1,081('000)).		
<b>(ii) Defined benefits plans:</b>		
The following table sets out the funded status of the Gratuity Plan and the amounts recognized in Company's financial statements as at March 31, 2017:		

Particulars	As at March 31	
	2017	2016
<b>(a) Changes in present value of obligations</b>		
Present value of obligations as at beginning of the year	3,928	2,981
Interest cost	317	239
Current service cost	225	206
Benefits paid	-	(352)
Actuarial (gain)/loss on obligations	485	856
Present value of obligations as at end of year	<u>4,955</u>	<u>3,928</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>(b) Changes in the fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	2,822	2,250
Expected return on plan assets	227	180
Contributions	422	695
Benefits paid	-	(352)
Actuarial gain/(loss)	30	50
Fair value of plan assets at the end of the year	<u>3,501</u>	<u>2,822</u>
<b>(c) Fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	2,822	2,250
Actual return on plan assets	257	230
Contributions	422	695
Benefits paid	-	(352)
Fair value of plan assets at the end of the year	3,501	2,822
Funded status	(1,454)	(1,106)
Excess of actual over estimated return on plan assets	(30)	(50)
(Actual rate of return = Estimated rate of return as ARD falls on March 31)		
<b>(d) Actuarial gain/(loss) recognized</b>		
Actuarial (gain)/loss for the year - Obligation	485	856
Actuarial gain/(loss) for the year - Plan Assets	(30)	(50)
Total (gain)/loss for the year	<u>455</u>	<u>805</u>
Actuarial (gain)/loss unrecognized in the year	-	-
<b>(e) The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss</b>		
Present value of obligations as at the end of the year	4,955	3,928
Fair value of plan assets as at the end of the year	3,501	2,822
Funded status (surplus/(deficit))	(1,454)	(1,106)
Net Asset/(Liability) recognized in the Balance Sheet	(1,454)	(1,106)
<b>(f) Expenses recognized in Statement of Profit and Loss</b>		
Current service cost	225	206
Interest cost	317	239
Expected return on plan assets	(227)	(180)
Net Actuarial (gain)/loss recognized in the year	455	805
Expenses recognized in Statement of Profit and loss	770	1,069

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(g) To fund the obligation under the plan, contributions are made to Life Insurance Corporation of India who has invested funds as under:

Description	% of Investment	
	Policy 1	Policy 2
Central government securities	26.35	20.82
Other approved security	1.21	0.00
State government securities	36.75	45.36
C.B.L.O.	0.65	0.65
Loan	0.03	0.00
Bonds/debentures etc.	25.12	27.50
Equity shares	7.71	2.01
Fixed deposits and Money market instruments	2.19	3.65
	<b>100.00</b>	<b>100.00</b>

**(h) Assumptions**

Particulars	Year Ended March 31	
	2017	2016
Discount rate (per annum)	7.29%	8.06%
Expected rate of return on plan assets (per annum)	7.29%	8.06%
Expected rate of increase in compensation levels (per annum)	6.00%	6.00%

27 Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

Particulars	Year Ended March 31	
	2017	2016
Net Profit /(loss) for the year after tax (Rs.'000)	4,532	4,215
Profit /(Loss) attributable to equity shareholders (Rs.'000)	4,532	4,215
Weighted average number of equity shares outstanding during the year	404,045	404,045
Basic / Diluted Earnings per share (Rs.)	11.22	10.43
Nominal Value per Share (Rs.)	10/-	10/-

**28 Related Party Transactions**

(a) Names of related parties and description of relationship

Sr. No.	Nature of relationship	Name of the related parties
1	Key managerial personnel	T. R. Kilachand- Chairman P. T. Kilachand- Managing Director A. H. Mehta- Dy. Managing Director K. V. Panchasara- Chief Financial Officer D. V. Chauhan- Company Secretary and Compliance Officer
2	Entities where the key managerial personnel have significant influence	Ginners & Pressers Limited Kilachand Devchand Foundation Sun Tan Trading Company Limited Tulsi Global Logistics Private Limited
3	Subsidiary (Refer Note No.35)	Gujarat Poly Electronics Limited (formerly known as Gujarat Poly - AVX Electronics Limited)



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(b) Details of Transactions:

(Amount in '000)

Details of transactions	Key Managerial personnel		Entities where the key managerial personnel have significant influence		Subsidiary/Control		Total Amount	
	2016-2017	2015-16	2016-2017	2015-16	2016-2017	2015-16	2016-2017	2015-16
<u>Expenses</u>								
<u>Rent</u>								
Ginners & Pressers Limited	-	-	806	725	-	-	806	725
Gujarat Poly Electronics Limited	-	-	-	-	-	-	-	-
Tulsi Global Logistics Private Limited	-	-	(391)	(378)	-	-	(391)	(378)
<u>Electricity charges</u>								
Ginners & Pressers Limited	-	-	232	269	-	-	232	269
<u>Donation</u>								
Kilachand Devchand Foundation	-	-	-	300	-	-	-	300
<u>Remuneration*</u>								
P. T. Kilachand	2,664	2,641	-	-	-	-	2,664	2,641
A. H. Mehta	1,950	1,696	-	-	-	-	1,950	1,696
K. V. Panchasara	1,372	1,067	-	-	-	-	1,372	1,067
D. V. Chauhan	479	390	-	-	-	-	479	390
<u>Directors sitting fees</u>								
T. R. Kilachand	15	15	-	-	-	-	15	15
N. T. Kilachand	15	12	-	-	-	-	15	12
<b>Total expenses payable</b>	<b>6,495</b>	<b>5,821</b>	<b>647</b>	<b>916</b>	<b>-</b>	<b>300</b>	<b>7,142</b>	<b>6,736</b>
<u>Reimbursement/(Recovery) of expenses</u>								
Ginners & Pressers Limited	-	-	(1)	(1)	-	-	(1)	(1)
Gujarat Poly Electronics Limited	-	-	-	-	(37)	(31)	(37)	(31)
Suntan Trading Company Limited	-	-	4	3	-	-	4	3
Tulsi Global Logistics Private Limited	-	-	(70)	(76)	-	-	(70)	(76)
<b>Total reimbursement</b>	<b>-</b>	<b>-</b>	<b>(67)</b>	<b>(74)</b>	<b>(37)</b>	<b>(31)</b>	<b>(104)</b>	<b>(106)</b>
<u>Interest on Inter Corporate Deposit</u>								
Gujarat Poly Electronics Limited	-	-	-	-	5,352	5,625	5,352	5,625
<u>Inter corporate deposit</u>								
Gujarat Poly Electronics Limited	-	-	-	-	-	-	-	-
<u>Balance outstanding as at year end</u>								
Gujarat Poly Electronics Limited	-	-	-	-	49,751	47,046	49,751	47,046

\*The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole and also excludes contribution to provident fund and superannuation fund.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****29 Applicability of MSED, 2006**

The Company has not received intimation from any 'enterprises' regarding its status under Micro and Small Enterprises Development Act, 2006 and therefore no disclosure under the said Act is considered necessary.

(Amount in '000)

Particulars	As at March 31,	
	2017	2016
Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**
**30 Segment information**

(a) Segment information for primary segment reporting (by business segments)

The Company has two business segments:

- (i) Property Development
- (ii) Specialty Chemicals

(Amount in '000)

Particulars	2017			2016		
	Property Development	Specialty Chemicals	Total	Property Development	Specialty Chemicals	Total
<b>Revenue</b>						
From external customer	-	143,729	<b>143,729</b>	-	126,340	<b>126,340</b>
Add: Inter segment sales	-	-	-	-	-	-
<b>Total Revenue</b>	-	143,729	<b>143,729</b>	-	126,340	<b>126,340</b>
<b>Segment Result</b>	-	19,307	<b>19,307</b>	-	24,788	<b>24,788</b>
<u>Unallocated income:</u>						
Interest and other income	-	-	<b>11,590</b>	-	-	<b>10,790</b>
<u>Unallocated expenses:</u>						
Other expenses	-	-	<b>28,177</b>	-	-	<b>30,124</b>
Interest expense	-	-	-	-	-	-
<b>Profit / (loss) before tax</b>			<b>2,720</b>			<b>5,454</b>
Provision for current tax	-	-	<b>1,000</b>	-	-	<b>1,200</b>
Provision for deferred tax	-	-	<b>(227)</b>	-	-	<b>(321)</b>
Income tax provision written back	-	-	-	-	-	-
Income tax for earlier years	-	-	<b>(2,585)</b>	-	-	<b>360</b>
<b>Profit / (loss) after tax</b>			<b>4,532</b>			<b>4,215</b>
<b>Other information</b>						
Segment assets	16,792	47,575	<b>64,367</b>	16,664	42,504	<b>59,168</b>
Unallocated corporate assets	-	-	<b>120,730</b>	-	-	<b>117,483</b>
<b>Total Assets</b>	-	-	<b>185,097</b>	-	-	<b>176,651</b>
Segment liabilities	-	10,236	<b>10,236</b>	-	7,694	<b>7,694</b>
Unallocated corporate liabilities	-	-	<b>174,861</b>	-	-	<b>168,957</b>
<b>Total Liabilities</b>	-	-	<b>185,097</b>	-	-	<b>176,651</b>
Additions to property, plant and equipment during the year	128	89	<b>217</b>	186	461	<b>647</b>
Depreciation	-	782	<b>782</b>	-	974	<b>974</b>

(b) Segment information for secondary segment reporting (by geographical segments) :

The Company operates only within India and hence the question of disclosure of segment information by geographical segments does not arise.

**31 Derivative Instruments and unhedged foreign currency exposure**

(Amount in '000)

<b>i) Derivatives outstanding as at the March 31, 2017</b>		2017	2016
Particulars			
Forward Contract to buy currency		GBP 26 (Rs.2,210)	GBP 48 (Rs.4,730)
		Euro 34 (Rs.2,369)	Euro 27 (Rs.2,047)
		USD 43 (Rs.2,847)	
<b>ii) Particulars of unhedged foreign currency exposure as at March 31, 2017</b>			
Particulars		2017	2016
Export Trade Receivables		GBP 27 (Rs.2,151)	GBP 25 (Rs.2,327)
		Euro 0.9 (Rs.65)	Euro 0.5 (Rs.36)
		USD 31 (Rs.2,038)	



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**
**32 Proposed Dividend**

A dividend of Rs.2.50/- per equity share (Previous Year- Rs.2.50/-) (25% of the face value of Rs.10/- each) has been recommended by the Board of Directors which is subject to the approval of the shareholders.

**33 Unpaid Dividend**

Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd. as on the March 31, 2017 for the final dividend declared on August 10, 2016 for the financial year 2015-16 is Rs.93('000).

Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd. as on the March 31, 2017 for the final dividend declared on July 27, 2015 for the financial year 2014-2015 is Rs.89('000).

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 of the Companies Act, 2013 as on March 31, 2017.

**34 Disclosures on Specified Bank Notes for the period November 9, 2016 to December 30, 2016**

During the year, the Company had Specified Bank Notes or other denomination note as defined in the MCA notification GSR 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period November 9, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the said notification is given below:

Particulars	Amount in Rupees		
	SBNs*	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	41,000	39,116	80,116
(+) Permitted Receipts	-	490,274	490,274
(-) Permitted Payments	-	(458,804)	(458,804)
(-) Amount Deposited in Banks	(41,000)	-	(41,000)
Closing cash in hand as on December 30, 2016	-	<b>70,586</b>	<b>70,586</b>

\*For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number SO 340E, dated November 8, 2016.

**35** The Company has acquired equity shares of 20.47% of its associate company Gujarat Poly Electronics Limited (formerly known as Gujarat Poly-AVX Electronics Limited) on March 31, 2017 in addition to the shareholding of 33.52%, the resulting total shareholding is 53.99% as at March 31, 2017. Accordingly, the associate company has been re-classified as subsidiary company w.e.f from March 31, 2017.

**36** Previous year's figures have been regrouped/rearranged wherever necessary to confirm with current year's figures.

**Signatures to Notes 1 to 36**

As per our report of even date  
**For G. M. Kapadia & Co.**  
**Chartered Accountants**  
 Firm Registration No. 104767W  
**Yagnesh Mehta**  
 Partner  
 Membership No. 034275

For and on behalf of the Board  
**Tanil R. Kilachand**  
**Parthiv T. Kilachand**  
**Atul H. Mehta**  
**Kanan V. Panchasara**  
**Deepali V. Chauhan**

Chairman (DIN No.: 00006659)  
 Managing Director (DIN No.: 00005516)  
 Dy. Managing Director (DIN No.: 00005523)  
 Chief Financial Officer  
 Company Secretary & Compliance Officer

Place: Mumbai      Dated: May 30, 2017

Place: Mumbai      Dated: May 30, 2017



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCHEM LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **POLYCHEM LIMITED** (hereinafter referred to as "the Holding Company") and its Subsidiary (the Holding Company and its subsidiary collectively referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder.

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 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 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 financial statements by the Board of Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid consolidated 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, 2017, their consolidated loss and its consolidated cash flows for the year ended on that date.

### Other Matter

We did not audit financial statements of subsidiary company whose financial statements reflects total assets of Rs. 89,014.69(Rs. in 000) as on March 31, 2017, total revenue of Rs. 1,23,440.63 (Rs. in 000) and net cash flows of Rs. (1284.37) (Rs. in 000) for the year ended on that date, as considered in the preparation of consolidated financial statements. These financial statements have been



audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of Section 143(3) of the Act, in so far it relates to aforesaid subsidiary company, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal & Regulatory Requirements, below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

**Report on Other Legal and Regulatory Requirements**

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

- (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit & Loss and the Consolidated Cash flows dealt with by this Report are in agreement with the relevant books of account, working and records maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of it's subsidiary company incorporated in India, none of the directors of Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director of that company 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 Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
  - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note no. 25 to the consolidated financial statements;
  - ii. the Company and it's Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. there were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and it's Subsidiary company incorporated in India.
  - iv. in the consolidated financial statements, holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 by the Holding Company and it's subsidiary company incorporated in India has been requisitely disclosed, on the basis of information available with the Company. Based on audit procedure and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Holding Company and Subsidiary Company incorporated in India and as produced to us by the Management and the reports of the other auditors. Refer Note no. 34 to the consolidated financial statements.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**

Firm Registration No.104767W

**YAGNESH MEHTA**

Partner

Membership No. 034275

**Place:** Mumbai

**Date:** May 30, 2017



## “ANNEXURE A” TO THE AUDITOR’S REPORT

### 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 financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **POLYCHEM LIMITED** (“the Holding Company”) and its subsidiary company which are 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 company, which are incorporated in India, are 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 (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its Subsidiary company which are incorporated in India have, in all material respects, and adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**Other Matters**

Our aforesaid reports under Clause (i) of Sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Subsidiary company incorporated in India, is based on the corresponding report of the auditor of such Subsidiary company incorporated in India.

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**  
Firm Registration No.104767W

**YAGNESH MEHTA**  
Partner  
Membership No. 034275

**Place:** Mumbai

**Date:** May 30, 2017



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(Amount in '000)

Particulars	Note No.	As at March 31	
		2017	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	4,040	4,040
Reserves & surplus	3	143,887	148,415
		<u>147,927</u>	<u>152,455</u>
<b>Non Current liability</b>			
Other long term liabilities	4	31,320	-
		<u>31,320</u>	<u>-</u>
<b>Current liabilities</b>			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Others	5	17,682	7,257
Other current liabilities	6	14,801	2,772
Short term provisions	7	1,114	1,883
		<u>33,597</u>	<u>11,912</u>
<b>Total</b>		<b><u>212,844</u></b>	<b><u>164,367</u></b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, Plant & Equipment			
Tangible assets	8	21,549	5,001
Intangible assets		426	387
		<u>21,975</u>	<u>5,388</u>
Non current investments	9	21,980	21,862
Deferred tax asset (net)	10	1,470	1,242
Long term loans and advances	11	9,986	6,607
Other non current assets	12	2,094	2,094
		<u>57,505</u>	<u>37,193</u>
<b>Current assets</b>			
Inventories	13	55,090	23,118
Trade receivables	14	56,451	23,643
Cash and other bank balance	15	30,062	25,415
Short term loans and advances	16	13,522	54,741
Other current assets	17	214	257
		<u>155,339</u>	<u>127,174</u>
<b>Total</b>		<b><u>212,844</u></b>	<b><u>164,367</u></b>
Summary of significant accounting policies	1		
These notes are an integral part of the financial statements			

As per our report of even date

**For G. M. Kapadia & Co.****Chartered Accountants**

Firm Registration No. 104767W

**Yagnesh Mehta**

Partner

Membership No. 034275

For and on behalf of the Board

**Tanil R. Kilachand****Parthiv T. Kilachand****Atul H. Mehta****Kanan V. Panchasara****Deepali V. Chauhan**

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary &amp; Compliance Officer

Place: Mumbai Dated: May 30, 2017

Place: Mumbai Dated: May 30, 2017

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017**

(Amount in '000)

Particulars	Note No.	Year Ended March 31	
		2017	2016
<b>Revenue from operations</b>			
Revenue from operations (Gross)	18	157,915	139,191
Less: Excise duty		(17,388)	(16,295)
Revenue from operations (Net)		140,527	122,896
Other operating income		3,202	3,444
		143,729	126,340
Other Income	19	9,976	9,970
<b>Total revenue</b>		<b>153,525</b>	<b>136,310</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	85,905	71,963
(Increase)/Decrease in stock of Work in Process	21	903	(2,003)
Manufacturing & other expenses	22	43,221	39,790
Employee benefits expenses	23	20,796	19,599
Depreciation & amortization	8	1,774	2,327
		152,599	131,676
<b>Profit before tax</b>		<b>926</b>	<b>4,634</b>
<b>Tax expense</b>			
Current tax (for the year)		1,000	1,200
Current tax (relating to prior years)		(2,585)	360
Deferred tax		(227)	(321)
		2,738	3,395
<b>Profit / (Loss) after tax for the period</b>		<b>2,738</b>	<b>3,395</b>
Amount transferred on change in stake in entity		(85,553)	-
Share of Profit/(Loss) of associate		-	-
<b>Net Profit / (Loss for the year)</b>		<b>(82,815)</b>	<b>3,395</b>
<b>Earning/(Loss) per equity share (Nominal Value of share of Rs.10/- each)</b>			
Weighted average no. of equity shares		404,045	404,045
<b>Basic &amp; Diluted (Amount in Rs.)</b>	28	<b>(204.97)</b>	<b>8.40</b>
Summary of significant accounting policies	1		
These notes are an integral part of the financial statements.			

As per our report of even date  
**For G. M. Kapadia & Co.**  
**Chartered Accountants**  
 Firm Registration No. 104767W  
**Yagnesh Mehta**  
 Partner  
 Membership No. 034275

For and on behalf of the Board  
**Tanil R. Kilachand**  
**Parthiv T. Kilachand**  
**Atul H. Mehta**  
**Kanan V. Panchasara**  
**Deepali V. Chauhan**

Chairman (DIN No.: 00006659)  
 Managing Director (DIN No.: 00005516)  
 Dy. Managing Director (DIN No.: 00005523)  
 Chief Financial Officer  
 Company Secretary & Compliance Officer

Place: Mumbai Dated: May 30, 2017

Place: Mumbai Dated: May 30, 2017

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

(Amount in '000)

Particulars	As at March 31 2017
<b>Cash flow from operating activities</b>	
Profit before tax from continuing operations	926
Profit before tax from discontinuing operations	-
<b>Profit Before Tax</b>	<b>926</b>
<b>Non-cash adjustment to profit before tax:</b>	
Amount not recoverable- written off	44
Depreciation/amortization on continuing operation	1,774
Dividend Income	(35)
Gratuity & Leave Encashment Provision	543
Reversal of provision in the value of non current investments	(119)
Interest Income	(5,654)
Loss by Fire	54
Unrealized foreign exchange (gain)/ loss	153
<b>Operating profit before working capital changes</b>	<b>(2,314)</b>
Decrease/(increase) in trade receivables	(32,962)
Decrease/(increase) in loans and advances	33,726
Decrease/(Increase)in inventory	(32,025)
Increase/(decrease) in short term provision	447
Increase/(decrease)in trade payable	10,425
Increase/(decrease) in liabilities	35,540
Direct taxes paid (net of refunds)	5,451
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>18,287</b>
<b>Cash flow from investing activities</b>	
Acquisition of Property, Plant and Equipment	(17,782)
Purchase of Property, Plant and Equipment	(580)
Fixed deposits with the bank	(2,002)
Interest received	5,695
Dividend received	37
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(14,632)</b>
<b>Cash flow from financing activities</b>	
Dividend paid	(1,010)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>(1,010)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+ C)</b>	<b>2,645</b>
Cash and cash equivalents at the beginning of the year	8,390
<b>Cash and cash equivalents at the end of the year</b>	<b>11,035</b>
<b>Components of cash and cash equivalents</b>	
Cash on hand	-
Bank balance	11,035
<b>Total cash and cash equivalents (Note No. 15)</b>	<b>11,035</b>

Note: The Company has prepared consolidated financial statements pursuant to enactment of the Companies Act, 2013 ("Act"), under section 129(3) for the first time during the financial year 2015-16 and hence no previous period comparatives were presented. In absence of previous period comparatives, consolidated cash flow statement was not prepared for the financial year 2015-16 and hence comparatives for the financial year 2016-17 has not been presented.

As per our report of even date  
**For G. M. Kapadia & Co.**  
**Chartered Accountants**  
 Firm Registration No. 104767W  
**Yagnesh Mehta**  
 Partner  
 Membership No. 034275

For and on behalf of the Board  
**Tanil R. Kilachand**  
**Parthiv T. Kilachand**  
**Atul H. Mehta**  
**Kanan V. Panchasara**  
**Deepali V. Chauhan**

Chairman (DIN No.: 00006659)  
 Managing Director (DIN No.: 00005516)  
 Dy. Managing Director (DIN No.: 00005523)  
 Chief Financial Officer  
 Company Secretary & Compliance Officer

Place: Mumbai Dated: May 30, 2017

Place: Mumbai Dated: May 30, 2017





## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

These Significant Accounting Policies and notes to accounts form part of the Consolidated financial statements for the year ended March 31, 2017. The Consolidated financial statements comprises of Polychem Limited (hereinafter referred to as “the Holding company”) and Gujarat Poly Electronics Limited (formerly known as Gujarat Poly-AVX Electronics Limited) (hereinafter referred to as the “Subsidiary/Associate Company”) (as defined in Companies (Accounting Standard) Rules, 2006).

### GENERAL INFORMATION

Polychem Limited is engaged in the manufacturing of specialty chemicals and property development. The Company has manufacturing plant in India and sells it in Domestic as well as International market. The Company is public limited company and is listed on the Bombay Stock Exchange (BSE).

Gujarat Poly Electronics Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company has set up a plant for manufacturing of capacitors and also trading in capacitors .

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (i) Basis of preparation

The Consolidated financial statements are prepared and presented under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). These financial statements have been prepared to comply, in all material aspects with the accounting standards specified under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the relevant provisions of the Act (to the extent notified). In accordance with proviso to section 129 (1) of the act and clause 6 of the General instructions given in Schedule III to the Act, the terms used in these financial statements are in accordance with the Accounting standard as referred to therein.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria as set out in the Schedule III to the Companies Act, 2013. All the divisions of the Company have normal operating cycle of less than twelve months, hence a period of twelve months has been considered for bifurcation of assets and liabilities into current and non-current as required by Schedule III to the Companies Act, 2013 for preparation of Financial Statements.

#### (ii) Principal of Consolidation

The Consolidated financial statements are prepared in accordance with Accounting Standard 21-“Consolidated Financial Statements”, Accounting Standard 23- “Accounting for Investments in Associates in Consolidated Financial Statements”, notified by the Company (Accounting Standard) Rules, 2006.

The excess of the cost to the Company of it’s investment, over the Company’s portion of net assets at the time of acquisition of shares is recognized in financial statements as Goodwill. The excess of Company’s portion of net assets over the cost of investment therein is treated as Capital Reserve.

The Consolidated financial statements are prepared using uniform accounting policies for like transaction and events in similar circumstances and necessary adjustments required for deviation, if any to the extent possible, are made in the Consolidated financial statements and are presented in the same manner as the Company’s Standalone financial statements . The figures of the subsidiary company have been recast/reclassified wherever necessary to bring them in line with the parent Company’s financial statements.

The financial statements of the subsidiary used in the consolidation are drawn up to same reporting date as that of the Company.

The notes and significant accounting policies to the consolidated financial statements are intended to serve a means of informative disclosure and a guide to better understanding of the consolidated position of the Group. In this respect, the Company has disclosed such notes and policies which fairly present the needed disclosures, and such other notes and statutory information disclosed in the financial statements of the holding and the subsidiary company which are not having any effect on the true and fair view with the consolidated financial statements are excluded.

**Subsidiary**

The financial statements of the Company and its subsidiary has been combined on line-by-line basis by adding together the book values of like items of assets and liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions. The unrealized profits or losses resulting from the intra-group transactions has been eliminated and unrealized losses resulting from the intra-group transactions has also been eliminated unless cost cannot be recovered.

Share of minority interest in the net profit of the consolidated subsidiary is identified and adjusted against the profit after tax to arrive at the net income attributable to shareholders. Share of minority interest in losses of the consolidated subsidiary, if exceeds the minority interests in the equity, the excess and the further losses applicable to minority, are adjusted against the Group's interest. Share of minority interest in net assets of the consolidated subsidiary is presented in the Consolidated Balance Sheet separately from liabilities and equity of the company's shareholders.

**Associate**

Investments in entity in which Company directly or indirectly has significant influence but does not have controlling interest are accounted using Equity Method in accordance with Accounting Standard 23 "Accounting for investment in Associates" as notified by the Companies (Accounting Standard), Rules 2006.

Equity Method i.e. the investment is initially recorded at cost. The carrying amount of the investment is adjusted there after for the post acquisition change in the Group's share of net assets of the associate. The Consolidated Statement of Profit & Loss includes the Group's shares of the result of the operations of the associate.

**Particulars of Company**

Sr. No.	Name of the entity	Effective ownership in % directly	
		As at March 31, 2017	As at March 31, 2016
1	Gujarat Poly Electronics Ltd.*	53.99%	33.52%

\* Note : On March 31, 2017, the Company acquired additional equity stake of 20.47% in an Associate known as Gujarat Poly Electronics Limited (formerly known as Gujarat Poly-AVX Electronics Limited) ("GPEL"). Due to this acquisition, GPEL has become subsidiary of the Company on March 31, 2017.

**(iii) Use of Estimate**

The preparation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results get materialized.

**(iv) Property, Plant and Equipment and Depreciation & Amortization****a. Property, Plant and Equipment****Tangibles**

All Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation and includes adjustments arising from exchange rate variations attributable to Property, Plant and Equipment's. In the case of Property, Plant and Equipment acquired for new projects / expansion, interest cost borrowings, and other related expenses incurred up to the date of completion of project are capitalized.

**Intangibles**

Business application software intended for long term use are recorded at their acquisition cost and cost of assets at their carrying values.

**b. Depreciation/Amortization on Property, Plant and Equipment****Tangibles**

Depreciation on tangible assets is provided based on useful life prescribed under Schedule II to the Companies Act, 2013. Depreciation on addition / deletion during the year, is provided on pro-rata basis with reference to the date of addition / disposal.

Assets purchase/installed during the year costing less than Rs. 5,000 are fully depreciated.



Depreciation on Plant & machinery, Laboratory equipment, Office equipment, Computers and Vehicles is provided on WDV as well as SLM based on nature of use. Depreciation on furniture and fixture is calculated on WDV basis and Depreciation on all other assets is provided on SLM basis.

Cost of leasehold land is amortized over the period of the lease.

#### **Intangibles**

Intangible assets are amortized over their estimated useful life on straight line method as follows:

- a) Technical knowhow is amortized over its useful life of which is the useful life of plant and machinery for which it is used.
- b) Computer software is amortized over the estimated useful life of the asset.

#### **c. Impairment of assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

#### **d. Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### **(v) Investments**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition cost of the investment is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investment are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

#### **(vi) Inventories**

Stores, spares and packing materials, raw materials, work-in-process and finished goods are valued at cost or net realizable value, whichever is lower. Cost of stores, spares, packing materials and raw materials is determined on FIFO basis. Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

#### **(vii) Property under development**

Property under development represents free hold land converted into stock-in-trade on the basis of valuation made by approved valuer and development expenses incurred thereon.

**(viii) Employee benefits**

- a. Short term employee benefits (benefits which are payable within twelve months after the end of the period in which employees render services) are measured at cost.
- b. Long term employee benefits (benefits which are payable after the end of twelve months in which the employees render services) and post employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.
- c. Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and the recognized as an expense when employees have rendered service entitling them to the contributions.
- d. The cost of providing gratuity, a defined benefit contribution plan, is determined using Projected Unit Credit Method on the basis of actuarial valuation carried out by actuaries at the Balance Sheet date. The gratuity obligation recognized in Balance Sheet represents the present value of the obligation as reduced by the fair value of plan assets. Actuarial gains and losses are recognized in the Statement of Profit and Loss .

**(ix) Accounting of CENVAT credit**

CENVAT credit on raw material and capital goods is accounted for by reducing the purchase of cost of raw material and capital goods respectively.

**(x) Revenue recognition**

Revenue (Income) is recognized when no significant uncertainty as to determination or realization exists. Sales are recognized ex-works and are inclusive of excise duty and net of sales tax.

**Interest income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

**Dividend**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

**(xi) Foreign currency transactions**

- a. Foreign currency transactions are accounted at the exchange rate prevailing on the date of transaction.
- b. The difference between the rate at which the transactions are accounted as stated above and the contracted rate is spread over the life of the contract. The difference on account of fluctuation in the rate of exchange is dealt with in the Statement of Profit and Loss .
- c. Year end monetary assets are translated at year end rate of exchange.

**(xii) Taxes on income****Current Tax**

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act 1961.

**Deferred Tax**

Deferred Tax Assets and Liability on account of timing difference between taxable and accounting income is provided considering the tax rate and tax laws enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising for the timing difference are recognized to the extent that there is a reasonable certainty that sufficient future taxable income will be available, in accordance with Accounting Standard 22 - "Accounting for taxes on income" of the Institute of Chartered Accountants of India.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each Balance Sheet date.

**Minimum Alternative Tax**

Minimum Alternative Tax (MAT) is accounted for in accordance with tax laws which give rise to future economic benefits in the form of tax credit against which future income tax liability is adjusted and is recognized as an asset in Balance Sheet.

**(xiii) Segment reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses".

**(xiv) Earnings per share**

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.
- b. 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.

**(xv) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the managements' estimate required to settle the obligation at the Balance Sheet date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(xvi) Government Grants:**

Government grants in the nature of promoter's contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

**(xvii) Contingent Liabilities & Contingent Assets**

Contingent liabilities are disclosed separately by way of note to financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved in the case of

- i. a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii. a possible obligation, unless the probability of out flow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

**(xviii) Cash flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(xix) Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>2 SHARE CAPITAL</b>		
<b>Authorized share capital</b>		
40,000,000 (40,000,000) Equity shares of Rs. 10/- each	400,000	400,000
600,000 (600,000) 13.50% Redeemable cumulative preference shares of Rs. 100/- each	60,000	60,000
500,000 (500,000) Cumulative convertible preference shares of Rs. 100/- each	50,000	50,000
<b>Total</b>	<b>510,000</b>	<b>510,000</b>
<b>Issued share capital</b>		
404,045 (404,045) Equity shares of Rs 10/- each fully paid up	4,040	4,040
<b>Total</b>	<b>4,040</b>	<b>4,040</b>
<b>Subscribed &amp; paid up share capital</b>		
404,045 (404,045) Equity shares of Rs 10/- each fully paid up	4,040	4,040
<b>Total</b>	<b>4,040</b>	<b>4,040</b>

2.1 The company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

2.2 The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at March 31			
	2017		2016	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	404,045	4,040	404,045	4,040
Issued during the period	-	-	-	-
Shares brought back	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>4,04,045</b>	<b>4,040</b>	<b>4,04,045</b>	<b>4,040</b>

2.3 The details of shareholder holding more than 5% shares is set out below:

Name of the shareholder	As at March 31			
	2017		2016	
	No. of Shares	% held	No. of Shares	% held
i Virsun Investments Private Limited	80,802	19.99%	80,802	19.99%
ii Highclass Trading Private Limited	39,842	9.86%	39,842	9.86%
iii Rasayani Traders Private Limited	-	-	49,990	12.37%
iii Masuma Tradecorp Private Limited	59,987	14.85%	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>3 RESERVES AND SURPLUS</b>		
<b>Capital reserves</b>		
At the beginning and at the end of the year	3,562	3,562
Addition : Movement during the year	<u>35,263</u>	-
Balance as at the end of the year	38,825	3,562
<b>Capital redemption reserve</b>		
Balance as at beginning and at the end of the year	5,000	5,000
<b>Securities premium account</b>		
Balance as at beginning and at the end of the year	142,437	142,437
<b>General reserves</b>		
Balance as at beginning and at the end of the year	206,993	206,993
<b>Surplus/(deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(209,577)	(211,756)
Net Profit/(Loss) transferred from Statement of Profit and Loss	(82,815)	3,395
Reversal for diminution in the value of investment	43,024	-
Proposed dividend on equity shares	-	(1,010)
Tax on dividend	-	(206)
<b>Net deficit in the Statement of Profit and Loss</b>	<b>(249,368)</b>	<b>(209,577)</b>
<b>Total</b>	<b><u>143,887</u></b>	<b><u>148,415</u></b>
<b>4 OTHER LONG TERM LIABILITIES</b>		
Preference shares held by others*	31,320	-
<b>Total</b>	<b><u>31,320</u></b>	<b><u>-</u></b>
* 1/2% Non-cumulative Redeemable Preference Shares of subsidiary company		
<b>5 TRADE PAYABLES</b>		
Trade payable- goods	15,278	5,355
Trade payable- expenses	<u>2,404</u>	<u>1,902</u>
<b>Total</b>	<b><u>17,682</u></b>	<b><u>7,257</u></b>
<b>6 OTHER CURRENT LIABILITIES</b>		
Advance from Customers	71	-
Gratuity	3,254	1,106
Leave encashment	3,440	40
Other payable- expenses	5,734	1,378
Statutory liabilities	2,120	248
Unpaid Dividend (Refer Note No. 33)	<u>182</u>	-
<b>Total</b>	<b><u>14,801</u></b>	<b><u>2,772</u></b>
<b>7 SHORT TERM PROVISIONS</b>		
Provision for employee benefits	1,114	667
Proposed dividend	-	1,010
Tax on dividend	-	206
<b>Total</b>	<b><u>1,114</u></b>	<b><u>1,883</u></b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## 8 PROPERTY, PLANT AND EQUIPMENT

(Amount in '000)

Nature of assets	Gross Block					Depreciation					Net block	
	As at April 1, 2016	Additions	Adjustments due to acquisition of entity	Deductions / Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	Adjustments due to acquisition of entity	Deductions / Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>Tangible assets</b>												
Land (Lease Hold)	390	-	3,290	-	3,680	249	78	851	-	1,179	2,501	142
Building- Factory	-	-	19,400	-	19,400	-	-	15,124	-	15,124	4,276	-
Laboratory equipment's	729	-	-	-	729	242	126	-	-	368	361	487
Plant and machinery	3,137	49	184,073	-	187,259	1,124	332	174,811	-	176,267	10,992	2,013
Electrical Installation	-	-	5,913	-	5,913	-	-	5,603	-	5,603	310	-
Vehicles	3,642	-	935	-	4,577	2,800	280	628	-	3,708	869	842
Furniture & fixtures	1,940	-	1,399	-	3,339	1,137	216	1,306	-	2,659	680	804
Office equipment	1,977	55	1,907	-	3,939	1,463	259	1,294	-	3,016	923	514
Computers	1,688	395	2,262	-	4,345	1,488	264	1,956	-	3,708	637	200
Air Conditioning Plant	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (a)</b>	<b>13,503</b>	<b>499</b>	<b>219,179</b>	<b>-</b>	<b>233,181</b>	<b>8,503</b>	<b>1,556</b>	<b>201,573</b>	<b>-</b>	<b>211,632</b>	<b>21,549</b>	<b>5,001</b>
<b>Intangible assets</b>												
Technical Know-How	-	-	11,843	-	11,843	-	-	11,843	-	11,843	-	-
Computer software	1,335	80	1,062	-	2,477	947	218	886	-	2,051	426	387
<b>Total (b)</b>	<b>1,335</b>	<b>80</b>	<b>12,905</b>	<b>-</b>	<b>14,320</b>	<b>947</b>	<b>218</b>	<b>12,729</b>	<b>-</b>	<b>13,894</b>	<b>426</b>	<b>387</b>
<b>Total Assets (a+b)</b>	<b>14,837</b>	<b>580</b>	<b>232,084</b>	<b>-</b>	<b>247,501</b>	<b>9,450</b>	<b>1,774</b>	<b>214,302</b>	<b>-</b>	<b>225,526</b>	<b>21,975</b>	<b>5,388</b>
Previous Year	13,589	1,319	-	70	14,838	7,193	2,327	-	70	9,450	5,388	-

Note : Air- conditioning plant disposed off during the financial year 2016-2017.





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## 9 NON CURRENT INVESTMENTS

Other investments (at cost unless stated otherwise)

## Quoted

## (a) Investment in equity instruments (Quoted)

Investment in equity instruments

(Amount in '000)

Particulars	Current year	Previous year	Current year	Previous year	Partly/Fully	As at March 31	
	No. of shares		Face value		Paid up	2017	2016
Great Eastern Shipping Co. Ltd.	600	600	Rs.10/-	Rs.10/-	Fully paid	219	219
Housing Development Finance Co. Ltd.	500	500	Rs.2/-	Rs.2/-	Fully paid	206	206
ICICI Bank Ltd.	875	875	Rs.2/-	Rs.2/-	Fully paid	163	163
IDFC Ltd.	800	800	Rs.10/-	Rs.10/-	Fully paid	85	85
IDFC Bank Ltd.	800	800	Rs.10/-	Rs.10/-	Fully paid	55	55
ITC Ltd.	1,800	1,200	Re.1/-	Re.1/-	Fully paid	111	111
Larsen & Toubro Ltd.	390	390	Rs.2/-	Rs.2/-	Fully paid	452	452
Adani Port Special Economic Zone Ltd.	1,500	1,500	Rs.2/-	Rs.2/-	Fully paid	149	149
State bank of India	1,050	1,050	Re.1/-	Re.1/-	Fully paid	147	147
Reliance Industries Ltd.	292	292	Rs.10/-	Rs.10/-	Fully paid	393	393
Less: Provision for diminution						-	(119)
						393	274
Mafatlal Dyes & Chemicals Ltd.	62	62	Rs.10/-	Rs.10/-	Fully paid	-	-
DCM Shriram Industries Ltd.	6	6	Rs.10/-	Rs.10/-	Fully paid	-	-
Crecent Finstock Ltd.	9	9	Rs.10/-	Rs.10/-	Fully paid	-	-
DCM Ltd.	1	1	Rs.10/-	Rs.10/-	Fully paid	-	-
					<b>Total</b>	<b>1,980</b>	<b>1,862</b>

## Unquoted

## (a) Investment in mutual funds (Unquoted)

(Amount in '000)

Particulars	Current year	Previous year	Current year	Previous year	Partly/Fully	As at March 31	
	No. of units		Face value per unit		Paid up	2017	2016
HDFC Floating Rate Income Fund-(G)	218,652	218,652	Rs.10/-	Rs.10/-	Fully paid	5,000	5,000
HDFC-STP-(G)	293,417	293,417	Rs.10/-	Rs.10/-	Fully paid	7,500	7,500
DSPBlackrock-SBF-InstitutionalPlan-(G)	4,905	4,905	Rs.10/-	Rs.10/-	Fully paid	7,500	7,500
					<b>Total</b>	<b>20,000</b>	<b>20,000</b>

## Total Non current investments

**21,980 21,862**

Aggregate value of quoted investments

Cost

1,980 1,980

Market Value

3,660 2,767

Aggregate provision for diminution

- 119

Aggregate value of unquoted investments

In mutual funds

Cost

20,000 20,000

Net asset value

25,305 23,085



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>10 DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred tax assets/liabilities (net)</b>		
<b>Deferred tax assets on account of :</b>		
Property, Plant & Equipment: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1,357	1,242
Brought forward business losses (restricted to the extent of net deferred tax liability on depreciation on account of virtual certainty)	2,499	-
Disallowances u/s 43(B) of Income Tax Act,1961	<u>1,744</u>	<u>-</u>
	5,600	1,242
<b>Deferred tax liability</b>		
Property Plant & Equipment : Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	4,130	-
<b>Net deferred tax assets/(liabilities)</b>	<u><u>1,470</u></u>	<u><u>1,242</u></u>
<b>Note:</b> The subsidiary company has recognized deferred tax assets of Rs. 4,130('000) including Rs. 2,499 ('000) on account of unabsorbed losses, restricted to the extent of deferred tax liability on account of depreciation, as it is virtually certain that the reversal of timing differences on account of depreciation would result in sufficient taxable income against which the deferred tax assets can be realized.		
<b>11 LONG TERM LOANS AND ADVANCES</b>		
<u>Unsecured, considered good</u>		
Security deposits	<u>1,723</u>	<u>1,157</u>
(a)	<u><u>1,723</u></u>	<u><u>1,157</u></u>
<b>Other loans and advances</b>		
Advance tax (net of provision)	983	873
Prepaid expenses	48	392
Balances with statutory/ government authorities	6,853	3,396
Advance to employees	241	476
Loan to employees	<u>138</u>	<u>313</u>
(b)	<u><u>8,263</u></u>	<u><u>5,450</u></u>
<b>Total (a+b)</b>	<u><u>9,986</u></u>	<u><u>6,607</u></u>
<b>12 OTHER NON CURRENT ASSETS</b>		
<b>Term Deposits with banks</b>		
More than 12 months maturity	<u>2,094</u>	<u>2,094</u>
<b>Total</b>	<u><u>2,094</u></u>	<u><u>2,094</u></u>
<b>13 INVENTORIES</b>		
Raw materials and components	4,874	1,647
Work-in-process	3,695	4,565
Packing material, stores & spares	4,855	242
Finished goods-in-transit	5,591	-
Stock-in-trade	19,125	-
Goods in transit	158	-
Property development	<u>16,792</u>	<u>16,664</u>
<b>Total</b>	<u><u>55,090</u></u>	<u><u>23,118</u></u>
Note: Inventory includes Rs. 32,454 ('000) due to acquisition of entity.		



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>14 TRADE RECEIVABLES</b>		
Unsecured, considered good	56,451	23,643
Unsecured, considered doubtful	673	-
	57,124	23,643
Less: Provision for doubtful Debts	673	-
	<b>56,451</b>	<b>23,643</b>
Outstanding for a period exceeding six months from the date they are due for payment	3,926	-
Others	52,525	23,643
<b>Total</b>	<b>56,451</b>	<b>23,643</b>
<b>15 CASH AND OTHER BANK BALANCE</b>		
<b>Cash &amp; cash equivalent</b>		
<u>Balances with banks:</u>		
On current account	4,735	3,590
Bank deposits with less than 3 months maturity	6,300	4,800
Cash on hand	-	-
<b>(a)</b>	<b>11,035</b>	<b>8,390</b>
<b>Others bank balances</b>		
<u>Term deposits with banks</u>		
More than 3 months but less than 12 months maturity	19,027	17,025
<b>(b)</b>	<b>19,027</b>	<b>17,025</b>
<b>Total (a+b)</b>	<b>30,062</b>	<b>25,415</b>
Lien marked on Deposit of Rs.3,600('000) for obtaining forward contract exposure with HDFC Bank in respect of trade receivables .		
Lien marked on Deposit of Rs.125('000) for issuance of guarantee in favor of Regional Officer, Maharashtra Pollution Control Board, Kalyan.		
Lien marked on Deposit of Rs.500('000) for issuance of Corporate Expense card by HDFC Bank .		
<b>16 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured considered good</b>		
Advance tax (net of provision)	2,252	6,144
Balances with statutory/government authorities	8,870	928
Inter corporate deposit	275	374
Advances to employees	954	763
Loan to employees	156	156
Advances to suppliers/service providers	252	28
Prepaid expenses	745	122
Others	18	-
<b>Loans and advances to related parties</b>		
Gujarat Poly Electronics Limited (Refer Note No. 35)	-	46,226
<b>Total</b>	<b>13,522</b>	<b>54,741</b>
<b>17 OTHER CURRENT ASSETS</b>		
<b>Unsecured considered good</b>		
Interest accrued but not due	214	255
Dividend receivable	-	2
<b>Total</b>	<b>214</b>	<b>257</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>18 REVENUE FROM OPERATIONS</b>		
Sale of products (Net)	140,527	122,896
Sale of property	-	-
	<u>140,527</u>	<u>122,896</u>
<b>Other operating revenues</b>		
Exchange gain difference	1,194	1,693
Duty drawback received	1,894	1,663
Sale of scrap	114	88
	<u>3,202</u>	<u>3,444</u>
<b>Total</b>	<b><u>143,729</u></b>	<b><u>126,340</u></b>
<b>19 OTHER INCOME</b>		
Interest income	9,642	6,559
Dividend income	35	54
<b>Other non-operating income</b>		
Gratuity & leave encashment provision written back	-	194
Amount not payable written back	-	110
Reversal of provision in the value of non current investments	119	-
Other sundry income	-	1
Profit on sale of fixed asset	-	11
Reversal of Expected Claim	-	3,041
<b>Total</b>	<b><u>9,796</u></b>	<b><u>9,970</u></b>
<b>20 COST OF RAW MATERIAL CONSUMED</b>		
Opening stock	1,647	2,021
Purchases	86,414	71,786
Less :Closing stock	(2,032)	(1,647)
Less : Loss by fire	(124)	(198)
<b>Total</b>	<b><u>85,905</u></b>	<b><u>71,963</u></b>
<b>21 (INCREASE)/DECREASE IN WORK IN PROCESS</b>		
<b>Work in process</b>		
Closing stock	3,534	4,565
Less: Opening stock	(4,565)	(2,748)
	<u>(1,031)</u>	<u>1,817</u>
<b>Property Development</b>		
Closing stock	16,792	16,664
Less: Opening stock	(16,664)	(16,478)
	<u>128</u>	<u>186</u>
<b>Total</b>	<b><u>903</u></b>	<b><u>(2,003)</u></b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>22 MANUFACTURING &amp; OTHER EXPENSES</b>		
Advertisement expenses	81	135
Amount not recoverable written off	44	54
Conversion & processing charges	20,336	16,513
Conveyance & travelling expenses	1,028	665
Diminution in the value of investments	-	1,080
Director sitting fees	117	123
Donation	10	310
Electric Power, oil fuel and water charges	422	457
General charges	557	878
Insurance charges	196	190
ISO & certification expenses	136	87
Interest on statutory dues	424	35
Land development expenses	128	186
Legal and professional fees	4,475	4,685
Loss by Fire	54	57
Membership & subscription	780	723
Miscellaneous expenses	479	564
Motor car expenses	1,645	1,429
Postage & courier expenses	105	143
Printing & Stationery expenses	739	636
Audit fees	672	519
Rates & taxes	461	173
Rent	2,293	3,061
<b>Repair &amp; Maintenance</b>		
Computer	216	201
Machinery	7	26
Others	1,172	410
Selling & distributions expenses	4,396	4,210
<b>Packing Material ,Stores &amp; spares</b>		
Opening Stock	242	
Add : Purchase during the year	1,610	
Less : Closing Stock	(277)	
Telephone expenses	674	707
<b>Total</b>	<b>43,221</b>	<b>39,790</b>
<b>23 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and incentives	16,402	15,002
<b>Contributions to funds</b>		
Provident fund & other funds	1,242	1,361
Gratuity & Super annuation fund	1,611	1,679
Other benefits	456	372
	3,309	3,412
Staff welfare expenses	1,085	1,185
<b>Total</b>	<b>20,796</b>	<b>19,599</b>
<b>24 EARNINGS IN FOREIGN EXCHANGE</b>		
Export of goods calculated on FOB basis	101,410	90,516
Expenditure in foreign currency	379	234



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	Year Ended March 31	
	2017	2016
<b>25 Contingent Liabilities</b>		
i Claims against the Company not acknowledged as debts: Relates to octroi matter, employees claims etc. (No provision is made, as the Company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallize).	2,873	2,708
ii Disputed income tax liabilities contested by the Company	-	8,257
iii Disputed cenvat credit-wrong availed liabilities contested by the Company	-	2,238
iv Disputed Demand of Employees' State Insurance Corporation A Bank guarantee is issued for the amount to Employees State Insurance Corporation on the security of FD for Rs.52('000). Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.	103	103
v The Company has taken certain premises on sub-lease. The landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorized Occupants) Act,1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		

26 Amount of lease rental charged to the Statement Profit and Loss in respect of premises taken on cancellable operating lease is Rs. 2,122('000) (Previous Year Rs. 2,038('000)).

**27 Employee benefits****(i) Defined contribution plans :**

Company's contribution to Provident Fund is Rs.1,965('000) (Previous year Rs. 1,081('000)).

**(ii) Defined benefits plans :**

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in Company's financial statements as at March 31, 2017:

Particulars	As at March 31,	
	2017	2016
<b>(a) Change showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	3,928	2,981
Interest cost	317	239
Current service Cost	225	206
Benefits paid	-	(352)
Actuarial (gain)/loss on obligations	485	856
Present value of obligations as at end of year	<u>4,955</u>	<u>3,930</u>
<b>(b) Changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	2,822	2,250
Expected return on plan assets	227	180
Contributions	422	695
Benefits paid	-	(352)
Actuarial gain/(loss)	30	50
Fair value of plan assets at end of year	<u>3,501</u>	<u>2,823</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in '000)

Particulars	As at March 31	
	2017	2016
<b>(c) Fair value of plan assets</b>		
Fair value of plan assets at the beginning of year	2,822	2,250
Actual return on plan assets	257	230
Contributions	422	695
Benefits paid	-	(352)
Fair value of plan assets at the end of the year	3,501	2,823
Funded status	(1,454)	(1,106)
Excess of actual over estimated return on plan assets (Actual rate of return = Estimated rate return as ARD falls on March 31)	(30)	(50)
<b>(d) Actuarial gain/(loss) recognized</b>		
Actuarial (gain)/loss for the year- Obligation	485	856
Actuarial gain/(loss) for the year- Plan Assets	(30)	(50)
Total (gain)/loss for the year	<u>455</u>	<u>805</u>
Actuarial (gain)/loss unrecognized in the year	-	-
<b>(e) The amounts to be recognized in the balance sheet and Statement of Profit and Loss</b>		
Present value of obligations as at the end of year	4,955	3,930
Fair value of plan assets as at the end of the year	3,501	2,823
Funded status (surplus/(deficit))	(1,454)	(1,106)
Net Asset/(Liability) recognized in the Balance Sheet	(1,454)	(1,106)
<b>(f) Expenses recognized in Statement of Profit and Loss</b>		
Current service cost	225	206
Interest cost	317	239
Expected return on plan assets	(227)	(180)
Net Actuarial (gain)/loss recognized in the year	455	805
Expenses recognized in Statement of Profit and loss	770	1,069
<b>(g) To fund the obligation under the plan, contributions are made to Life Insurance Corporation of India who has invested funds as under :</b>		
	<b>% of Investment</b>	
<u>Description</u>	<u>Policy 1</u>	<u>Policy 2</u>
Central government securities	26.35	20.82
Other approved security	1.21	0.00
State government securities	36.75	45.36
C.B.L.O.	0.65	0.65
Loan	0.03	0.00
Bonds/debentures etc.	25.12	27.50
Equity shares	7.71	2.01
Fixed deposits and Money market instruments	2.19	3.65



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	<u>100.00</u>	<u>100.00</u>
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## (h) Assumptions

Particulars	Year Ended March 31	
	2017	2016
Discount rate (per annum)	7.29%	8.06%
Expected rate of return on plan assets (per annum)	7.29%	8.06%
Expected rate of increase in compensation levels (per annum)	6.00%	6.00%

Note : On March 31, 2017, the Company acquired additional equity stake of 20.47% in an Associate known as Gujarat Poly Electronics Limited (formerly known as Gujarat Poly AVX Electronics Limited) ("GPEL"). Due to this acquisition, GPEL has become subsidiary of the Company on March 31, 2017. Since GPEL was an Associate of the Company for the entire year, it has been consolidated by applying one-line consolidation method and accordingly, the expenses in Statement of Profit & Loss on Employee benefits expenses pertain to the holding Company only and hence disclosures made in terms of AS 15 on Employee Benefits in note no. 27- are in respect of Holding Company only.

- 28 Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

Particulars	Year Ended March 31	
	2017	2016
Net Profit /(loss) for the year after tax (Rs.'000)	(82,815)	3,395
Profit /(Loss) attributable to equity shareholders (Rs.'000)	(82,815)	3,395
Weighted average number of equity shares outstanding during the year	404,045	404,045
Basic / Diluted Earnings per share (Rs.)	(204.97)	8.40
Nominal Value per Share (Rs.)	10/-	10/-

## 29 Related Party Transactions

## (a) Names of related parties and description of relationship

Sr. No.	Nature of relationship	Name of the related parties
1	Key managerial personnel	T. R. Kilachand- Chairman P. T. Kilachand- Managing Director A. H. Mehta- Dy. Managing Director K. V. Panchasara- Chief Financial Officer D. V. Chauhan- Company Secretary and Compliance Officer
2	Entities where the key managerial personnel have significant influence / Control	Ginners & Pressers Limited Kilachand Devchand Foundation Sun Tan Trading Company Limited Tulsi Global Logistics Private Limited





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## (b) Details of Transactions :

(Amount in '000)

Details of transactions	Key managerial personnel		Entities where the key managerial personnel have significant influence / Control		Total Amount	
	2016-2017	2015-16	2016-2017	2015-16	2016-2017	2015-16
<b>Expenses</b>						
<u>Rent</u>						
Ginners & Pressers Limited	-	-	806	725	806	725
Tulsi Global Logistics Private Limited	-	-	(391)	(378)	(391)	(378)
<u>Electricity charges</u>						
Ginners & Pressers Limited	-	-	232	269	232	269
<u>Donation</u>						
Kilachand Devchand Foundation	-	-	-	300	-	300
<u>Remuneration*</u>						
P. T. Kilachand	2,664	2,641	-	-	2,664	2,641
A. H. Mehta	1,950	1,696	-	-	1,950	1,696
K. V. Panchasara	1,372	1,067	-	-	1,372	1,067
D. V. Chauhan	479	390	-	-	479	390
<u>Directors sitting fees</u>						
T. R. Kilachand	15	15	-	-	15	15
N. T. Kilachand	15	12	-	-	15	12
<b>Total expenses payable</b>	<b>6,495</b>	<b>5,821</b>	<b>647</b>	<b>916</b>	<b>7,142</b>	<b>6,736</b>
<u>Reimbursement/(Recovery) of expenses</u>						
Ginners & Pressers Limited	-	-	86	(1)	86	(1)
Suntan Trading Company Limited	-	-	4	3	4	3
Tulsi Global Logistics Private Limited	-	-	(70)	(76)	(70)	(76)
<b>Total reimbursement</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>(74)</b>	<b>20</b>	<b>(74)</b>

\*The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole and also excludes contribution to provident fund and superannuation fund.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****30 Segment information**

(a) Segment information for primary segment reporting (by business segments)

The Group has three business segments:

- (i) Property Development
- (ii) Specialty Chemicals
- (iii) Manufacturing and trading in Capacitors (Refer Note No. 35)

Particulars	2017				2016		
	Property Development	Specialty Chemicals	Manufacturing and trading in Capacitors	Total	Property Development	Specialty Chemicals	Total
<b>Revenue</b>							
From external customer	-	143,729	-	<b>143,729</b>	-	126,340	<b>126,340</b>
Add : Inter segment sales	-	-	-	-	-	-	-
<b>Total Revenue</b>	-	143,729	-	<b>143,729</b>	-	126,340	<b>126,340</b>
<b>Segment Result</b>	-	19,307	-	<b>19,307</b>	-	24,788	<b>24,788</b>
<u>Unallocated income:</u>							
Interest and other income	-	-	-	<b>9,796</b>	-	-	<b>9,970</b>
<u>Unallocated expenses:</u>							
Other expenses	-	-	-	<b>28,177</b>	-	-	<b>30,125</b>
Interest expense	-	-	-	-	-	-	-
<b>Profit / (loss) before tax</b>				<b>926</b>			<b>4,634</b>
Provision for current tax	-	-	-	<b>1,000</b>	-	-	<b>1,200</b>
Provision for deferred tax	-	-	-	<b>(227)</b>	-	-	<b>(321)</b>
Income tax for earlier years	-	-	-	<b>(2,585)</b>	-	-	<b>360</b>
Amount transferred on change instake in entity	-	-	-	<b>(85,553)</b>	-	-	-
Profit/(Loss) share of associate	-	-	-	-	-	-	-
<b>Profit / (loss) after tax</b>				<b>(82,815)</b>			<b>3,395</b>
<b>Other information</b>							
Segment assets	16,792	47,404	89,015	<b>153,211</b>	16,664	42,504	<b>59,168</b>
Unallocated corporate assets	-	-	-	<b>59,633</b>	-	-	<b>105,199</b>
<b>Total Assets</b>	-	-	-	<b>212,844</b>	-	-	<b>164,367</b>
Segment liabilities	-	10,236	49,092	<b>59,328</b>	-	7,694	<b>7,694</b>
Unallocated corporate liabilities	-	-	-	<b>153,516</b>	-	-	<b>156,673</b>
<b>Total Liabilities</b>				<b>212,844</b>			<b>164,367</b>
Additions to property, plant and equipment during the year	128	89	-	<b>217</b>	186	461	<b>647</b>
Depreciation	-	782	-	<b>782</b>	-	974	<b>974</b>

(b) Segment information for secondary segment reporting (by geographical segments):

The holding company operates only within India and hence the question of disclosure of segment information by geographical segments does not arise.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**
**31 Derivative Instruments and unhedged foreign currency exposure**
**(Amount in '000)**

<b>i) Derivatives outstanding as at the March 31, 2017</b>		
<b>Particulars</b>	<b>2017</b>	<b>2016</b>
Forward Contract to buy currency	GBP 26 (Rs.2,210) Euro 34 (Rs.2,369) USD 43 (Rs.2,847)	GBP 48 (Rs.4,730) Euro 27 (Rs.2,047)

<b>ii) Particulars of unhedged foreign currency exposure as at March 31, 2017</b>		
<b>Particulars</b>	<b>2017</b>	<b>2016</b>
Export Trade Receivables	GBP 27 (Rs.2,151) Euro 0.9 (Rs.65) USD 31 (Rs.2,038))	GBP 25 (Rs.2,327) Euro 0.5 (Rs.36)
Import trade payables	USD 99 Rs.6,398	-

**32 Proposed Dividend**

A dividend of Rs.2.50/- per equity share (Previous Year- Rs.2.50/-) (25% of the face value of Rs.10/- each) has been recommended by the Board of Directors which is subject to the approval of the shareholders.

**33 Unpaid Dividend**

Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on the March 31, 2017 for the final dividend declared on August 10, 2016 for the financial year 2015-2016 is Rs.93('000).

Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on the March 31, 2017 for the final dividend declared on July 27, 2015 for the financial year 2014-2015 is Rs.89('000).

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 of the Companies Act, 2013 as on March 31, 2017.

**34 Disclosures on Specified bank notes for the period November 9, 2016 to December 30, 2016**

During the year,the Company had Specified Bank Notes or other denomination note as defined in the MCA notification GSR 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period November 9, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the said notification is given below:

**Amount in Rupees**

<b>Particulars</b>	<b>SBNs*</b>	<b>Other Denomination notes</b>	<b>Total</b>
Closing cash in hand as on November 8, 2016	170,000	70,507	240,507
(+) Permitted Receipts	-	941,710	941,710
(-)Permitted Payments	-	(789,786)	(789,786)
(-)Amount Deposited in Banks**	(170,000)	-	(170,000)
Closing cash in hand as on December 30, 2016	-	<b>222,431</b>	<b>222,431</b>

\*For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of finance, Department of Economic Affairs number SO 340E, dated November 8, 2016.

\*\*Includes deposit into bank

**35** On March 31, 2017 the Company required additional equity stake of 20.47% in as Associate known as Gujarat Poly Electronics Limited formally known as Gujarat Poly - AVX Electronic Limited ("GPEL"). Due to this acquisition, GPEL has become subsidiary of the Company on March 31, 2017.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

- 36** The subsidiary company plans to meet its working capital requirement for the forthcoming year from future profits. The Management of the company is confident that there are adequate opportunities for growth and company would be able to sustain reasonably higher profit in future. Having regard to the above, the financial statements have been prepared by the Management of the company on a "Going concern" basis.
- 37** In view of unabsorbed losses/depreciation and in the absence of taxable income under the provisions of the Income Tax Act, 1961, the subsidiary company has not provided for tax in the current year. Further, in view of the brought forward loss/unabsorbed depreciation as per books of account, the subsidiary company also does not have any tax liability under section 115JB of the Income tax Act, 1961.

**38 Disclosure in terms of Schedule III to the Companies Act, 2013**

Name of the entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities				Share in Profit or loss			
	2017		2016		2017		2016	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated net assets	Amount (Rs.)	As % of consolidated (profit) or loss	Amount (Rs.)	As % of consolidated (profit) or loss	Amount (Rs.)
<b>Parent</b>								
Polychem Limited	134%	198,217	100%	152,455	100%	2,738	100%	3,395
<b>Subsidiary/Associates</b>								
Gujarat Poly Electronics Limited (formerly known as Gujarat Poly-AVX Electronics Limited)	(34)%	(50,290)	-	-	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>147,927</b>	<b>100%</b>	<b>152,455</b>	<b>100%</b>	<b>2,738</b>	<b>100%</b>	<b>3,395</b>

- 39** Previous year's figures have been regrouped/rearranged wherever necessary to confirm with current year's classification/disclosure.

**Signatures to Notes 1 to 39**

As per our report of even date  
**For G. M. Kapadia & Co.**  
**Chartered Accountants**  
 Firm Registration No. 104767W  
**Yagnesh Mehta**  
 Partner  
 Membership No. 034275

For and on behalf of the Board  
**Tanil R. Kilachand**  
**Parthiv T. Kilachand**  
**Atul H. Mehta**  
**Kanan V. Panchasara**  
**Deepali V. Chauhan**

Chairman (DIN No.: 00006659)  
 Managing Director (DIN No.: 00005516)  
 Dy. Managing Director (DIN No.: 00005523)  
 Chief Financial Officer  
 Company Secretary & Compliance Officer

**Place:** Mumbai **Dated:** May 30, 2017

**Place:** Mumbai **Dated:** May 30, 2017

**Form AOC -1**

(Pursuant to first proviso to sub-section (3) Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014).

**Statement containing salient features of the financial statements of subsidiaries/Associate Companies/Joint Ventures:**

Part A: Subsidiary

Part B: Associate &amp; Joint Venture

**Part A : Subsidiary****(Amount in '000)**

Sr No.	Name of the Subsidiary	
	Gujarat Poly Electronics Limited (Refer Note No. 35)	
1	Latest audited Balance Sheet date	March 31, 2017
2	The date since subsidiary was acquired	March 31, 2017
3	Shares of Subsidiary	
	- Number	4,616,152
	- Amount of Investment	41,994
	- Extent of Holding %	53.99%
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
6	Share Capital	183,650
7	Reserves and Surplus	(162,159)
8	Total Assets	89,015
9	Total Liabilities	67,524
10	Investments	NIL
11	Turnover	122,708
12	Profit before taxation	242
13	Provision for taxation	NIL
14	Profit after taxation	242
15	Proposed Dividend	NIL

**Part B: Associate**

Sr No.	Name of the Associate	
	Gujarat Poly Electronics Limited (Refer Note No. 35)	
1	Latest audited Balance Sheet date	March 31, 2017
2	Shares of Associates	
	- Number	2,866,154
	- Amount of Investment	41,944
	- Extent of Holding %	33.52%
3	Description of how there is significant influence	(Note a)
4	Reason why the associate is not consolidated	Not Applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet	21,491
6	Profit / (Loss) for the year	
	i. Considered in Consolidation	NIL
	ii. Not Considered in Consolidation	N.A.

Note a: There is a significant influence due to percentage (%) of share capital

**For and on behalf of the Board**

For and on behalf of the Board

**Tanil R. Kilachand**

Chairman (DIN No.: 00006659)

**Parthiv T. Kilachand**

Managing Director (DIN No.: 00005516)

**Atul H. Mehta**

Dy. Managing Director (DIN No.: 00005523)

**Kanan V. Panchasara**

Chief Financial Officer

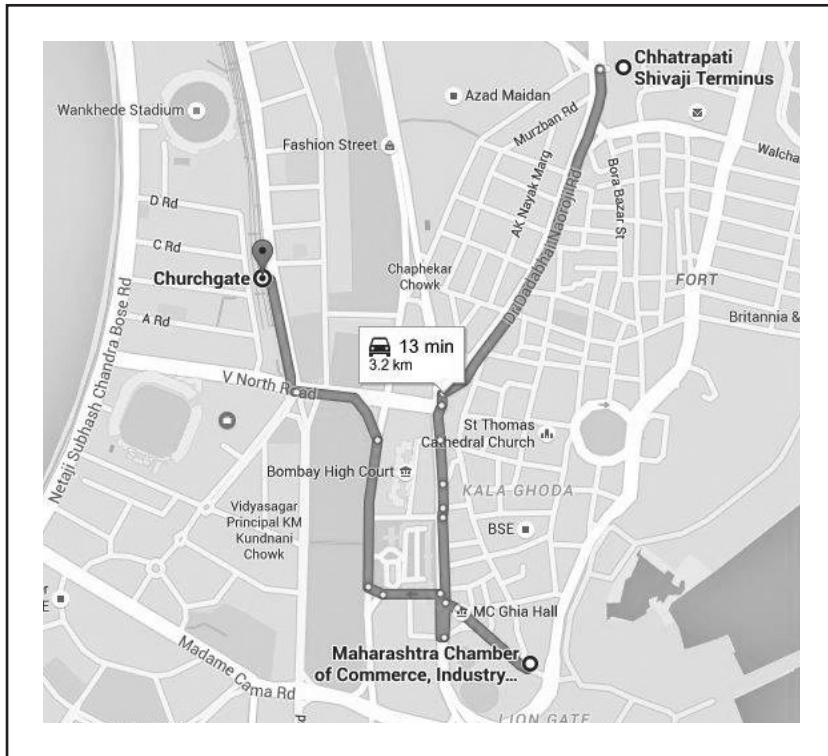
**Deepali V. Chauhan**

Company Secretary &amp; Compliance Officer

Place: Mumbai Dated: May 30, 2017

Place: Mumbai Dated: May 30, 2017

**Route Map to the Venue of the 60<sup>th</sup> Annual General Meeting  
to be held on Thursday, August 24, 2017.**



**Mahrashtra Chamber of Commerce, Industry & Agriculture**  
Oricon House, 6th Floor, 12 K. Dubhash Marg, Fort, Mumbai – 400 001.



# FORM OF PROXY

## POLYCHEM LIMITED

**Registered Office:** 7, Jamshedji Tata Road,  
Churchgate Reclamation, Mumbai 400 020.

**Tel No:** 022-22820048, **Fax No:** 022-22850606

**Website:** www.polychemltd.com, **CIN:** L24100MH1955PLC009663

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]

Name of the Member		
Registered Address		
Email ID		
DP ID		Folio No / Client ID:

I/We, \_\_\_\_\_, being the member(s) holding \_\_\_\_\_ shares of Polychem Limited, hereby appoint:

1. \_\_\_\_\_ of \_\_\_\_\_ having email – id \_\_\_\_\_ or failing him
2. \_\_\_\_\_ of \_\_\_\_\_ having email – id \_\_\_\_\_ or failing him
3. \_\_\_\_\_ of \_\_\_\_\_ having email – id \_\_\_\_\_ as my/our proxy

to vote for me/us on my/our behalf at the SIXTIETH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 24<sup>th</sup> August, 2017 at 11.00 a.m. at Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001 and at any adjournment thereof in respect of such resolutions as are indicated below.

Resolution No.	Resolutions	Optional	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Accounts		
2.	Declaration of Dividend		
3.	Re-appointment of Mr. T. R. Kilachand who retires by rotation		
4.	Re-appointment of Mr. N. T. Kilachand who retires by rotation		
5.	Appointment of Auditors and Fixing their remuneration		
<b>Special Business</b>			
6.	Re-appointment of Mr. P. T. Kilachand as Managing Director		
7.	Re-appointment of Mr. A. H. Mehta as Dy. Managing Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017. Signature of the Member \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

**Note:** The proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Affix Re. 1 Revenue Stamp
------------------------------------





*If undelivered, please return to:*

**POLYCHEM LIMITED**

7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.