



**POLYCHEM LIMITED**

**59th Annual Report - 2015 - 2016**

**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. MEHENDEALE	(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-13 Pannalal Silk Mills Compound,  
LBS Marg, Bhandup West,  
Mumbai 400078**REGISTERED OFFICE**7, Jamshedji Tata Road  
Churchgate Reclamation  
Mumbai 400 020.**WORK****CORPORATE MANAGEMENT TEAM**

SPECIALTY CHEMICALS	MR. T. R. KILACHAND	Chairman
W-91, MIDC Phase II	MR. P. T. KILACHAND	Managing Director
Dombivali (E) 421 203	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 Fifty Ninth 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 Wednesday, August 10, 2016 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, 2016, including the audited Standalone Balance Sheet as at 31<sup>st</sup> March, 2016, 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, 2016, including the audited Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016 and Statement of Consolidated Profit and Loss for the year ended on that date.
2. To declare dividend on equity shares.
3. To appoint Director in place of Mr. A. H. Mehta (DIN 00005523), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s. G.M. Kapadia & Company, Chartered Accountants, Mumbai (Firm Regn. No.104767W), as statutory auditors of the Company and to fix such remuneration as may be determined by the audit committee in consultation with the auditors.

### SPECIAL BUSINESS:

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

“**RESOLVED THAT** pursuant to Section 94 of the Companies Act, 2013 and in supersession of the Special Resolution passed at the 46<sup>th</sup> Annual General Meeting of the Members of the Company held on 30<sup>th</sup> September, 2003, the Company hereby approves that the Registers of Members, Indexes of Members, the Registers and Indexes of Debenture holders, copies of Annual Returns of the Company and other related books and documents prepared under Section 92 of the Companies Act, 2013 together with the copies of Certificates and Documents or any one or more of them be kept at the premises of Company's Registrar and Share Transfer Agents, M/s.Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400078 instead of Registrar and Share Transfer Agents namely Sharepro Services (I) Pvt. Ltd.”

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

**Registered Office :**

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

Dated : 17<sup>th</sup> May, 2016.

By Order of the Board of Directors

**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 No. 5 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 a Director proposed to be re-appointed, nature of his expertise in specific functional areas, names of companies in which he holds 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 on page 6.
- (g) The Register of Members and the Share Transfer Books will remain closed from Tuesday, 12<sup>th</sup> July, 2016 to Tuesday, 19<sup>th</sup> July, 2016 (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 10<sup>th</sup> August, 2016 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 holding shares in physical may submit their bank details to Registrar and Transfer Agents 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 31-03-2016
1.	Bombay Stock Exchange Ltd., Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	4,04,045 Equity Shares of Rs.10/- each.

The Company has paid Annual Listing fees for 2016-17 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 No. 5, mentioned in the accompanying Notice dated 17<sup>th</sup> May, 2016.

#### Item No. 5

M/s.Link Intime India Pvt. Ltd., Mumbai are appointed as Registrars and Share Transfer Agents of the Company effective from 23rd May 2016. M/s. Link Intime India Pvt. Ltd have considerable experience as Share Transfer Agents. It is therefore, proposed that the register of members, indexes of members, copies of Annual Returns, together with the copies of the certificates and documents required to be annexed thereto be kept at the office of M/s.Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400078. The approval of shareholders by special resolution is sought to the proposed arrangement under Section 94 of the Companies Act, 2013.

The Special Resolution also specified the time of inspection of the books and documents of the Company by its members and others, namely, between the hours 11 a.m. and 1 p.m. on any working day excluding Saturday and except when the registers and the books are closed under the provisions of the Act or Articles of Association of the Company. The Directors of the Company may be considered to be concerned or interested in the resolution to the extent of the shares, if any, held by them respectively, the Board of Directors recommend the Special Resolution for acceptance by the members.

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

By Order of the Board of Directors

**Registered Office :**

7, Jamshedji Tata Road,  
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Dated : 17<sup>th</sup> May, 2016.

**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:

<b>Name of Director</b>	<b>Mr. A. H. Mehta</b>
<b>Director Identification Number</b>	00005523
<b>Age</b>	71 years
<b>Qualification</b>	B.Com., F.C.A., F.C.S.
<b>Expertise</b>	He has been involved with the company since January 1988 and is familiar with all aspects of the Company. He was Vice President – Corporate Affairs & Company Secretary till 29 <sup>th</sup> May, 2014. He was then appointed as Dy. Managing Director on 1 <sup>st</sup> June, 2014. He has experience in audit, accountancy, secretarial, legal & Admn., Taxation etc with the Company and Sandeep Holdings and Tandon Singapore Pte. Ltd.
<b>Other Directorship as on 31<sup>st</sup> March, 2016 (Excluding Private Companies)</b>	Gujarat Poly-AVX Electronics Ltd., Environmental Purifiers Limited., Sun Tan Trading Co. Ltd.
<b>No. of Equity Shares held</b>	5
<b>Relationship with other Directors</b>	None of the Directors are related to Mr. A. H. Mehta.

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Dated : 17<sup>th</sup> May, 2016.

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

**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 Saturday, 6<sup>th</sup> August, 2016 (9:00 am) and ends on Tuesday, 9<sup>th</sup> August, 2016 (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 Wednesday, 3<sup>rd</sup> August, 2016, 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@csraginichokshi.com](mailto:mail@csraginichokshi.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.
  - (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 3<sup>rd</sup> August, 2016.
- X. Any person, who acquires shares of the Company and become member of the Company after 7<sup>th</sup> July, 2016 i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. 3<sup>rd</sup> August, 2016, 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 Fifty Ninth Annual Report and Statement of Accounts for the year ended 31st March, 2016.

	<b>01-04-15 to 31-03-16 (Rs.in lacs)</b>	01-04-14 to 31-03-15 (Rs.in lacs)
<b>FINANCIAL RESULTS</b>		
Sales	<b>1,228.97</b>	1,734.01
Profit before Depreciation & Tax	<b>77.81</b>	177.58
Depreciation	<b>23.27</b>	30.46
Profit after depreciation	<b>54.54</b>	147.12
Prior period items	<b>0.00</b>	0.11
Profit before Tax	<b>54.54</b>	147.23
Current tax (for the year)	<b>12.00</b>	55.00
Current tax (relating to previous year)	<b>3.60</b>	--
Deferred tax	<b>(3.21)</b>	(2.10)
Excess Provision of tax in respect of earlier years	<b>--</b>	--
Profit after tax	<b>42.15</b>	94.33
<u>Less: Appropriations</u>		
Proposed dividend on equity shares	<b>(10.10)</b>	(10.10)
Tax on dividend	<b>(2.06)</b>	(2.06)
Balance carried forward	<b>29.99</b>	82.17

**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, 2016 your Company has made profit after tax of Rs.42.15 lacs against profit of Rs.94.33 lacs after tax in previous year. The sales of Specialty Chemicals during the year ended was Rs.1,228.97 lacs compared to Rs.1,734.01 lacs during the previous year and for property development Rs. Nil during the current and previous year.

**3. GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL) - ASSOCIATE COMPANY:**

The sale of GPAEL during the year ended 31st March, 2016 was Rs. 1,152.93 lacs as against sale of Rs. 1,115.42 lacs in the previous year. GPAEL has made profit of Rs. 39.34 lacs during the current year as compared to loss of Rs. 17.49 lacs in the previous year. GPAEL manufactures as well as outsources ceramic capacitors & marketing the same.

**4. AUDIT COMMITTEE:**

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

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

The Board has establish 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 were no reporting made by any employee for violations of applicable laws and regulations and the Code of Conduct for the F.Y. 2015-16.



**6. NOMINATION AND REMUNERATION COMMITTEE:**

The Board has re-constituted its committee which comprises of 3 members, more details on the committee are given in Corporate Governance Report.

**7. DIRECTORS' RESPONSIBILITY STATEMENT:**

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, 2016 and of the profit of the Company for the year ended 31st March, 2016;
- 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; and
- f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws.

**8. TAXATION:**

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

**9. DEPOSITS:**

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

**10. INDUSTRIAL RELATIONS:**

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

**11. 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.

**12. DIRECTORS:**

Mr. A. H. Mehta retires from Office by rotation, but being eligible, offers himself for re-appointment.

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

During the year 2015-16, five Board Meetings were held on the following dates:

- (a) 11<sup>th</sup> May, 2015
- (b) 27<sup>th</sup> July, 2015
- (c) 13<sup>th</sup> August, 2015
- (d) 30<sup>th</sup> October, 2015; and
- (e) 2<sup>nd</sup> February, 2016

**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 and 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 arm's length basis and in ordinary course of business. All RPT are placed before Audit Committee for its approval.



The Company has granted loan of Rs.446 lacs to Gujarat Poly-AVX Electronics Ltd at the rate of interest of 13% p.a which is now revised to 12% w.e.f 1<sup>st</sup> November, 2015. 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 arm'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, the Listing Agreement 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. DONATION:**

The Company has given donation of Rs. 3,10,000/- to the charitable trusts.

**19. 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.

**20. 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 has not received any complaints on sexual harassment during the year.

**21. 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 8.12 and 5.22 respectively.
- ii. Increase in remuneration of Mr. P. T. Kilachand, Managing Director is 29.99%, Mr. A.H. Mehta, Dy. Managing Director is 11.12% and Mrs. K.V. Panchasara, Chief Financial officer is 20.34%.
- iii. There is an increase of 16.92 % in the median remuneration of employees in the financial year.
- iv. There are 21 permanent employees in the company.
- v. There is a decrease of 29.13 % in Company's Performance for the year considering the revenue from the operations and the average increase in the remuneration of the Company is 14.18 % for the year. The increase in the remuneration was on account of the reasons as under:  
Ms. D.V. Chauhan, Company Secretary and Compliance officer of the Company who was appointed w.e.f. 20<sup>th</sup> Feb, 2015 drew remuneration of Rs. 40,418/- till 31<sup>st</sup> March, 2015. Against the remuneration of Rs. 389,544/- for the year 2015-16.
- vi. During the financial year 2015-16, remuneration to Key Managerial Personnel is Rs. 5,794,000/- as against the Company's performance is Rs. 122,896,000/- remuneration to performance ratio comes to 4.71%.
- vii. There is a decrease in Market Capitalisation and increase in Price earning ratio of the Company. Market capitalisation for current year is Rs 158,668,471/- and for Previous year it was Rs 199,759,848/-. Price earning ratio for current financial year is 37.65 times, whereas for the previous financial year it was 21.17 times.



- viii. Average increase in the salaries of employees other than the managerial personnel was 11.15 %.
- ix. Comparison of remuneration of each KMP against the performance of the Company : (Amount in lacs)

Key Managerial Personnel	Remuneration	Performance of the Company	% of remuneration against the performance of the company
P. T. Kilachand	26.41	1,229	2.14
A. H. Mehta	16.96	1,229	1.37
K. V. Panchasara	10.67	1,229	0.86
D. V. Chauhan	3.90	1,229	0.32

- 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.

## 22. REGISTRAR AND TRANSFER AGENT:

In pursuance of SEBI Ex Parte – Ad – Interim Order No. WTM/RKS/MIRSD2/41/2016 dated 22<sup>nd</sup> March, 2016, the Company has appointed M/s Link Intime India Pvt Ltd in place of M/s Sharepro Services (I) Pvt Ltd with effect from 23<sup>rd</sup> May, 2016.

## 23. CORPORATE GOVERNANCE:

Pursuant to Regulation 34(3), Schedule V of SEBI (LODR) Regulations, 2015 and Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company are annexed to the Directors' Report.

## 24. AUDITORS:

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s.G.M.Kapadia & Co., Chartered Accountants, Mumbai, are eligible for re-appointment.

## 25. SECRETARIAL AUDITOR:

Complying with the provisions of Section 204 of the Companies Act, 2013 the Audit Committee has recommended and the Board of Directors has 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 2017.

The Secretarial Audit Report for F.Y 2015-16 is enclosed and marked as **Annexure III**.

## 26. 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.

Dated : 17<sup>th</sup> May, 2016.

**TANIL KILACHAND**

Chairman

**ANNEXURE I**
**A. CONSERVATION OF ENERGY**

----- NIL -----

**FORM 'A'**

POWER AND FUEL CONSUMPTION	2015-16	2014-15
<b>(1) Electricity</b>		
(a) Purchased units (Kwh)	<b>15,504</b>	18,516
Total Amount (Rs.)	<b>164,088</b>	173,880
Rate (Kwh)	<b>10.58</b>	9.39

**FORM 'B'**

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

**A. Research and Development**
**1. Specific area in which R&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&D:**

We are in the process of improving the quality of our product further which should result in a higher share of the market.

**3. Future plan of action:**

We still intend to continue the work of improving the quality of XLPS further to match to that of Competitors abroad for which we have engaged a consultant.

**4. Expenditure on R&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 lacs)

	Current Year	Previous Year
a) Foreign exchange outgo	<b>2.34</b>	8.67
b) Foreign exchange earned (FOB Value)	<b>905.16</b>	1,235.01

**ANNEXURE II****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; 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, Jamshedji Tata Road, Churchgate Reclamation, Mumbai – 400 020. Tel No. 022-22820048
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-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078. Tel: 022-25963838 Email: rnt.helpdesk@linkintime.co.in

**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)

S. 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 -**

S. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Gujarat Poly – AVX Electronics Limited B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat - 382024.	L21308GJ1989PLC012743	Associate Company	33.52% Equity	2(6)



## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter's</b>									
(1) Indian									
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>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>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	162	162	0.04	-	162	162	0.04	-
b) Banks / FI	432	572	1,004	0.25	557	572	1,129	0.28	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. Trust	185	-	185	0.05	185	-	185	0.05	-
2. Others	-	689	689	0.17	-	689	689	0.17	-
<b>Sub-total (B)(1):-</b>	<b>16,146</b>	<b>1,425</b>	<b>17,571</b>	<b>4.35</b>	<b>16,271</b>	<b>1,425</b>	<b>17,696</b>	<b>4.38</b>	<b>0.03</b>



<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	12,096	4,180	16,276	4.03	11,101	4,162	15,263	3.78	(0.25)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	110,598	48,508	159,106	39.38	113,627	46,417	160,044	39.61	0.23
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
Directors other than promoters and their Relatives	30	-	30	0.01	30	-	30	0.01	-
Non Resident Indians	456	141	597	0.15	406	141	547	0.14	(0.01)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>123,180</b>	<b>52,829</b>	<b>176,009</b>	<b>43.56</b>	<b>125,164</b>	<b>50,720</b>	<b>175,884</b>	<b>43.53</b>	<b>(0.03)</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>139,326</b>	<b>54,254</b>	<b>193,580</b>	<b>47.91</b>	<b>141,435</b>	<b>52,145</b>	<b>193,580</b>	<b>47.91</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>349,791</b>	<b>54,254</b>	<b>404,045</b>	<b>100</b>	<b>351,900</b>	<b>52,145</b>	<b>404,045</b>	<b>100</b>	<b>-</b>



## B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the year [31 <sup>st</sup> March, 2015]			Shareholding at the end of the year [31 <sup>st</sup> March, 2016]			% 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	82,452	20.41	-	80,802	19.99	-	(0.42)
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	-	9,997	2.47	-	-
9	Delmar Trading Co. Pvt Ltd	9,425	2.33	-	9,425	2.33	-	-
10	Rasayani Traders Pvt Ltd	48,340	11.96	-	49,990	12.38	-	0.42
	<b>Total</b>	<b>210,465</b>	<b>52.09</b>		<b>210,465</b>	<b>52.09</b>		-





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

S. No.	Promoters	No. of shares at the beginning 01-04-15/ end of the year (31-03-16)	% of total shares of the Company	Date	Increase/ Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
							No. of shares	% of total shares of the Company
1.	Virsun Invst Pvt Ltd	82,452	20.41	01-04-15				
				25-03-16	-1650	sold	80,802	19.99
				<b>31-03-16</b>			<b>80,802</b>	<b>19.99</b>
2.	Rasayani Traders Pvt Ltd	48,340	11.96	01-04-15				
				25-03-16	1650	bought	49,990	12.38
				<b>31-03-16</b>			<b>49,990</b>	<b>12.38</b>

No change in other promoters holding

D) Shareholding Pattern of top ten Shareholders as on 31<sup>st</sup> March, 2016

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

S. No.	For Top 10 Shareholders	No. of Shares at the beginning 01-04-15/ end of the year (31-03-16)	% of total shares of the company	Date	Increase/ Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
							No. of shares	% of total shares of the company
1.	Life Insurance Corporation of India	15,529	3.84	01-04-15	0	No change during the year		
				<b>31-03-16</b>	0		<b>15,529</b>	<b>3.84</b>
2.	A. K. Gupta	10,000	2.47	01-04-15	0	No change during the year		
				<b>31-03-16</b>	0		<b>10,000</b>	<b>2.47</b>
3.	Samaj Projects Pvt Ltd	7,852	1.94	01-04-15	0	No change during the year		
				<b>31-03-16</b>	0		<b>7,852</b>	<b>1.94</b>
4.	Sudhir Ghanshyamdas Khandelwal	5,500	1.36	01-04-15	0	No change during the year		
				<b>31-03-16</b>	0		<b>5,500</b>	<b>1.36</b>
5.	Renu Gupta	5,000	1.24	01-04-15	0	No change during the year		
				<b>31-03-16</b>	0		<b>5,000</b>	<b>1.24</b>
6.	Yogendra Kumar Goyal	4,000	0.99	01-04-15	0	No change during the year		
				<b>31-03-16</b>	0		<b>4,000</b>	<b>0.99</b>
7.	Mohinder Awasthi	3,508	0.87	01-04-15	0	No change during the year		
				<b>31-03-16</b>	0		<b>3,508</b>	<b>0.87</b>



8.	Harsha Hitesh Jhaveri	3,275	0.81	01-04-15				
				04-10-15	285	bought	3,560	0.88
				22-05-15	222	bought	3,782	0.94
				31-07-15	218	bought	4,000	0.99
		<b>4,000</b>	<b>0.99</b>	<b>31-03-16</b>				
9.	Hitesh Ramji Jhaveri	3,100	0.77	01-04-15				
				12-06-15	807	bought	3,907	0.97
				10-07-15	43	bought	3,950	0.98
		<b>3,950</b>	<b>0.98</b>	<b>31-03-16</b>				
10.	Ravi Jain	3,050	0.75	01-04-15	0			
		<b>3,050</b>	<b>0.75</b>	<b>31-03-16</b>	0	No change during the year		

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	No. of shares at the beginning 01-04-15/ end of the year (31-03-16)	% of total shares of the Company	Date	Increase/ Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
							No. of shares	% of total shares of the Company
	<b>Directors</b>							
1	Parthiv T. Kilachand	2,127	0.53	01-04-15	0	No change during the year		
		<b>2,127</b>	<b>0.53</b>	<b>31-03-16</b>	0			
2	Tanil R. Kilachand	1,938	0.48	01-04-15	0	No change during the year		
		<b>1,938</b>	<b>0.48</b>	<b>31-03-16</b>	0			
3	Nandish T. Kilachand	1,335	0.33	01-04-15	0	No change during the year		
		<b>1,335</b>	<b>0.33</b>	<b>31-03-16</b>	0			
4	Atul H. Mehta	05	0.00	01-04-15	0	No change during the year		
		<b>05</b>	<b>0.00</b>	<b>31-03-16</b>	0			
5	V. V. Sahasrabudhe	Do not hold any shares in the Company						
6	Chetan R. Desai	Do not hold any shares in the Company						
7	Nirmala S. Mehendale	Do not hold any shares in the Company						
8	Yogesh S. Mathur	Do not hold any shares in the Company						
	<b>KMPs</b>							
9	Kanan V. Panchasara	Do not hold any shares in the Company						
10	Deepali 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>				

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

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

(in Rupees)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Parthiv T. Kilachand - MD	Atul H. Mehta – Dy. MD	
1	Gross salary	*2,641,197	*1,696,240	4,337,437
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,864,924	1,588,540	3,453,464
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	776,273	107,700	883,973
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>2,641,197</b>	<b>1,696,240</b>	<b>4,337,437</b>
	<b>Ceiling as per the Act</b>	<b>8,400,000</b>	<b>8,400,000</b>	<b>16,800,000</b>

\*Excluding Provident Fund and Superannuation Fund



B. Remuneration to other directors

(in Rupees)

S. No.	Particulars of Remuneration	Name of Directors						Total Amount
		V. V. Sahasrabudhe	Chetan R. Desai	Nirmala S. Mehendale	Yogesh S. Mathur	Nandish T. Kilachand	Tanil R. Kilachand	
		<b>Independent Directors</b>						
1	<b>Independent Directors</b>							
	Fee for attending board & committee meetings	30,000	30,000	18,000	18,000	-	-	96,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>30,000</b>	<b>30,000</b>	<b>18,000</b>	<b>18,000</b>	<b>-</b>	<b>-</b>	<b>96,000</b>
2	<b>Other Non-Executive Directors</b>							
	Fee for attending board committee meetings	-	-	-	-	12,000	15,000	27,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>					<b>12,000</b>	<b>15,000</b>	<b>27,000</b>
	<b>Total (B)=(1+2)</b>	<b>30,000</b>	<b>30,000</b>	<b>18,000</b>	<b>18,000</b>	<b>12,000</b>	<b>15,000</b>	<b>123,000</b>
	Total Managerial Remuneration	N.A	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	N.A

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

(in Rupees)

SN	Particulars of Remuneration	Key Managerial Personnel		
		Deepali V. Chauhan	Kanan V. Panchasara	Total
		CS	CFO	
1	Gross salary	*389,544	*1,066,582	1,456,126
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	265,764	867,562	1,133,326
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	123,780	199,020	322,800
	(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	-	-	-
	<b>Total</b>	<b>389,544</b>	<b>1,066,582</b>	<b>1,456,126</b>

\* 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 2015-16 under Companies Act, 2013.

**Annexure III****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

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

To  
The Members  
**POLYCHEM LIMITED**  
7, Jamshedji Tata Road  
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.

**Management's Responsibility for Secretarial Compliances**

The Company's management is responsible for preparation and maintenance of secretarial records and for devising systems to ensure compliances with the provisions of applicable laws and regulations.

**Auditors Responsibility**

Our responsibility is to express an opinion on the secretarial records, standard and procedures followed by the Company with respect to secretarial compliances.

We believe that Audit evidence and information obtained from the company's management is adequate and appropriate for to provide a basis for our opinion Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2016, 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, 2016 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 regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (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, 1992. **presently (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 Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the Audit Period); presently (share based employees Benefits) Regulations 2014;**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- g. The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**).

We further report that during the reporting period, there were no Foreign Direct Investments, Overseas Direct Investments and External Commercial Borrowings made by/in the company and as such the Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made were not applicable.

- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to 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 applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) **The securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015** and the Listing Agreements entered into by the Company with Stock Exchange.

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

**We further report that:**

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

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

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 the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Mumbai  
Date: May 4, 2016.

For Ragini Chokshi & Co.  
Mrs. Ragini Chokshi  
(Partner)  
C.P.NO. 1436  
FCS NO. 2390

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**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****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 there is a slowdown in both domestic and export business. We expect them to grow in the subsequent quarters.

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.

**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 sale consists of export. Looking to the present economic situation prevailing in the world, particularly in Europe, Company is cautiously optimistic.

**Financial Performance:**1) Share Capital:

The issued and paid-up share capital of the Company is Rs. 40.40 lacs consisting of 4,04,045 equity shares of Rs.10/- each as on 31st March, 2016.

2) Reserves and Surplus:

As on 31st March, 2016 the reserves and surplus are Rs.1,606.99 lacs.

3) Secured Loans:

There are no secured loans outstanding as on 31st March, 2016.

4) Results of Operation:

Revenue for the current year including other income amounts to Rs.1,371.31 lacs compared to Rs.1,850.59 lacs in the previous year. Profit before tax is Rs.54.45 lacs compared to Profit before tax of Rs.147.23 lacs during the previous year. Provisions for tax including deferred tax asset during the year is Rs.12.39 lacs compared to Rs. 52.90 lacs during the previous year. Profit after tax amounts to Rs. 42.15 lacs during the year compared to profit of Rs.94.33 lacs 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, 2016 is as follows. viz. (1) Property / Land Rs. NIL (2) Specialty Chemicals Rs.1,228.97 lacs. 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 (2015-2016)****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 Committee.

**1. Financial Year April 15 to March 16:**

Name of the Director	Category	Attendance Particulars				No. of other Directorships and Committee Membership/ Chairmanship	
		No. of Board Meeting held	No. of Meetings Attended	Last AGM held on 27/07/2015	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	4	Yes	12000	2	--
Mr. A. H. Mehta	Dy.MD	5	4	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 2015-16, five Board meetings were held on the following dates:

- (a) 11th May, 2015                      (b) 27th July, 2015                      (c) 13th August, 2015  
 (d) 30th October, 2015 and    (e) 2nd February, 2016

**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, the listing agreement and under regulation 25(3) of SEBI (LODR) Regulations, 2015, a separate meeting of the Independent director of the company was held on 22<sup>nd</sup> February, 2016 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	Meeting attended	Sitting Fees paid (Rs.)
Mr. V. V. Sahasrabudhe	Yes	3,000/-
Mr. C. R. Desai	Yes	3,000/-
Mr. Y. S. Mathur	Yes	3,000/-
Ms. N. S. Mehendale	Yes	3,000/-

**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.polychemltd.com/Download/Polychem-%20Familiarisation%20Programme.pdf>

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

The details of Director being appointed and re-appointed in the ensuing Annual General Meeting has been given in the 'Notice' calling the Fifty Ninth Annual General Meeting of the Company.

**8. 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, which came into effect from January 1, 2006, 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 31.03.2016.

For POLYCHEM LIMITED

**DEEPALI V. CHAUHAN**  
 COMPANY SECRETARY & COMPLIANCE OFFICER

**III. Audit Committee:**

Audit committee has been reconstituted on 5<sup>th</sup> February, 2015 pursuant to the requirements of Section 177 of the Companies Act, 2013.

The Audit Committee comprises of the following Directors:

- Mr. V. V. Sahasrabudhe – Chairman
- Mr. P. T. Kilachand
- Mr. C. R. Desai
- Mr. Y. S. Mathur

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 meeting is minimum of two members.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement and Regulation 18 of SEBI (LODR) Regulations, 2015 that interalia, include overseeing financial reporting process, reviewing with the management the financial statements and adequacy of internal control systems.

**Powers of Audit Committee:**

The Audit committee shall have the following powers, which should include the following

- (i) To investigate any activity within its terms of reference;
- (ii) To discuss any related issues with the internal and statutory auditors and the management of the company;
- (iii) To seek information from any employee;
- (iv) To obtain outside legal or other professional advice;
- (v) To secure attendance of outsiders with relevant expertise, if it considers necessary.

During the year 2015-16, four meetings of the Audit Committee were held on the following dates:

- (a) 11<sup>th</sup> May, 2015, (b) 13<sup>th</sup> August, 2015, (c) 30<sup>th</sup> October, 2015 and (d) 2<sup>nd</sup> February, 2016.

Name of the Director	Category	No. of meetings attended	Sitting Fees paid (Rs.)
Mr. V. V. Sahasrabudhe	Chairman	4	12,000/-
Mr. P. T. Kilachand	Member	4	-
Mr. C. R. Desai	Member	4	12,000/-
Mr. Y. S. Mathur	Member	2	6,000/-

The Company Secretary acts as the Secretary to the Committee.

**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 Chief internal auditor shall be subject to review by the Audit Committee.

**IV. Nomination and Remuneration Committee :**

The Company had formed Remuneration Committee which is now re-constituted as Nomination and Remuneration Committee. It comprises of three Directors, All of them are Non-executive Independent Directors.

**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.

During the year 2015-16, one meeting of the Nomination and Remuneration Committee was held on 13<sup>th</sup> August, 2015

Name of the Director	Category	Meeting attended
Mr. V. V. Sahasrabudhe	Chairman	Yes
Mr. C. R. Desai	Member	Yes
Mr. Y. S. Mathur	Member	Yes

**Remuneration Policy:**

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	Total	Stock options granted	Sitting Fees
1	Mr. T. R. Kilachand	NIL	NIL	NIL	NIL	NIL	NIL	15,000
2	Mr. P. T. Kilachand	1,864,924	776,273	NIL	NIL	2,641,197	NIL	NIL
3	Mr. A. H. Mehta	1,588,540	107,700	NIL	NIL	1,696,240	NIL	NIL
4	Mr. N. T. Kilachand	NIL	NIL	NIL	NIL	NIL	NIL	12,000
5	Mr. V. V. Sahasrabudhe	NIL	NIL	NIL	NIL	NIL	NIL	30,000
6	Mr. C. R. Desai	NIL	NIL	NIL	NIL	NIL	NIL	30,000
7	Mr. Y. S. Mathur	NIL	NIL	NIL	NIL	NIL	NIL	18,000
8	Ms. N. S. Mehendale	NIL	NIL	NIL	NIL	NIL	NIL	18,000

Note: The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefits as they are determined on the accrual basis for the company as a whole.

**V. Stakeholders Relationship Committee :**

The Shareholders'/Investors' Grievance Committee has been constituted as Stakeholders Relationship Committee with effect from 5<sup>th</sup> February, 2015 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.

The following Directors are the members of the Stakeholders Relationship Committee:

Sr. No.	Name of the Director	No. of Meeting/s	
		Held	Attended
1.	Mr. V. V. Sahasrabudhe - Chairman	23	23
2.	Mr. T. R. Kilachand - Member	23	23
3.	Mr. P. T. Kilachand - Member	23	21

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.

Share Transfer formalities are attended to at least once a fortnight.

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

No complaints were received during the year ended on 31<sup>st</sup> March, 2016 and no complaints were pending as on 31<sup>st</sup> March, 2016.

**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
2012-2013	56 <sup>th</sup> AGM held on Tuesday, 6 <sup>th</sup> August, 2013 at 10.30 a.m	M. C. Ghia Hall, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 Kaikhushru Dubhash Marg, Mumbai - 1	No
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 - 1	Yes
2014-2015	58 <sup>th</sup> AGM held on Monday, 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 - 1	Yes

No Resolutions has been passed through Postal Ballot during the year.

**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 establish a vigil mechanism under Regulation 22 of SEBI (LODR) Regulations 2015, the details of mechanism and policy has been disclosed on the website.

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

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

- a) The company has complied with all the mandatory requirements as mention in clause 49 of the Listing Agreement as applicable till 30<sup>th</sup> November, 2015 and SEBI (LODR) Regulations, 2015 from 1<sup>st</sup> December, 2015 onwards.
- b) The Company has executed the fresh Agreement with Stock Exchange as required under SEBI (LODR) Regulations, 2015 on February 10, 2016.

**5. Web Link of Policies:**

- a) The Company has no subsidiary and hence there is no need to frame any policy for determining “material” subsidiary.
- b) The Company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities 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 SEBI (LODR) Regulations, 2015.****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, 2016 does not contain any qualification.
  - (b) Secretarial Audit Report for the year ended 31<sup>st</sup> March, 2016 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, 2016 has been uploaded on the website of the company i.e www.polychemltd.com.

**XI. General Shareholder Information:**

<b>AGM: Date Time Venue</b>	10 <sup>th</sup> August, 2016. 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 2015 to March 2016
<b>e-voting period</b>	From 9.00 a.m, Saturday, 6 <sup>th</sup> August, 2016 to 5 p.m, Wednesday, 9 <sup>th</sup> August, 2016.
<b>Cut-off date for e-voting</b>	3 <sup>rd</sup> August, 2016
<b>Dates of Book Closure</b>	Tuesday 12 <sup>th</sup> July, 2016 to Tuesday 19 <sup>th</sup> July, 2016 (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 2015-16</b>	See Table No. 1 below
<b>Registrar and Share Transfer Agents</b>	M/s. LINK Intime India Pvt Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078. Telephone: 022 25963838 Fax: 022 25946969 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-materialisation of shares and liquidity</b>	See table No. 4
<b>Plant Location</b>	<b>SPECIALTY CHEMICALS</b> W91, MIDC Phase II, Dombivali (E ) 421 203.
<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 2015-2016:

Month	High (Rs.)	Low (Rs.)	Total No. of shares traded.
April - 2015	545.00	411.00	1,348
May - 2015	520.00	349.00	2,823
June - 2015	449.00	340.00	4,127
July - 2015	448.00	351.30	2,013
August - 2015	501.00	350.00	3,839
September - 2015	419.00	335.00	5,584
October - 2015	428.00	351.10	476
November - 2015	438.00	376.00	597
December - 2015	422.50	370.00	1,415
January - 2016	430.00	335.00	4,014
February - 2016	425.00	355.00	1,082
March - 2016	392.70	342.50	4,614

**Table 2 - Distribution of shareholding as on 31-3-2016**

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 100	72,151	17.86	10,250	98.16
101 to 500	29,689	7.35	145	1.39
501 to 1000	10,628	2.63	14	0.13
1001 to 5000	48,644	12.04	23	0.22
5001 to 10000	42,774	10.58	5	0.05
10001 to 100000	2,00,159	49.54	5	0.05
100001 and above	-	-	-	-
<b>Total</b>	<b>4,04,045</b>	<b>100.00</b>	<b>10,609</b>	<b>100.00</b>

**Table 3 - Category wise distribution of shareholding as on 31-03-2016**

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	10	2,10,465	52.09
2.	Public Financial Institutions & Banks	17	16,660	4.12
3.	Mutual Funds	1	162	0.04
4.	Bodies Corporate	132	16,137	3.99
5.	Resident Individuals	10,249	1,60,074	39.62
6.	FII & OCBs	-	-	-
7.	Non-Resident Individuals	33	547	0.14
8.	State Government	-	-	-

**Table 4 - Break-up of shares in physical & electronic mode as on 31.03.2016**

Mode	No of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	7,684	73.59	52,145	12.91
Electronic	2,758	26.41	351,900	87.09
<b>Total</b>	<b>10,442</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 on March 31, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the said Company with Stock Exchange for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 of the Listing Regulations for the period December 1, 2015 to March 31, 2016.

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.

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 above-mentioned Listing Agreement/Listing Regulation, as applicable.

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 17, 2016

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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 of **POLYCHEM LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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 Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**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 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 financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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, 2016, 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 accounts;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 Auditor's) 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 financial statements. – Refer Note no. 24 to the 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.

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

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

**Place:** Mumbai  
**Date:** May 17, 2016

**“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, 2016, we report that:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) All the fixed assets 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. No material discrepancies between the book records and the physical verification have been noticed;
- (c) According to the information and explanations given to us, the Company does not hold any immovable properties, so this clause is not applicable;
- ii. (a) The inventories have been physically verified by the management during the year. In our opinion, and according to the information and explanations 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 explanations 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 explanations 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 explanations 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 explanations 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 explanations given to us, no undisputed amount payable in respect of outstanding statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable;
- (b) According to the information and explanations 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, 2016;

Name of the Statute	Nature of dues	Financial Year	Amt in Rs (000’s)	Authority with whom appeal is pending
The E.S.I Act, 1948	ESIC	2000-01	94	Assistant Director (Maharashtra)
The Central Excise Act, 1944	Cenvat Credit	April 2007 to March 2011	1,206	Additional Commissioner (Central Excise, Thane, Maharashtra)
The Central Excise Act, 1944	Cenvat Credit	April 2011 to March 2012	898	Assistant Commissioner (Central Excise, Thane, 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 explanations 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 explanations 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 explanations 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 explanations given to us, the Company is not a Nidhi Company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable;
- xiii. According to the information and explanations 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 financial statements as required by the applicable accounting standards;
- xiv. According to the information and explanations 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 explanations 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 17, 2016

## “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, 2016 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 controls 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, 2016 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 17, 2016

**BALANCE SHEET AS AT MARCH 31, 2016**

(Amount in '000)

Particulars	Note No.	As at March 31	
		2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	4,040	4,040
Reserves & surplus	3	160,699	157,700
		<u>164,739</u>	<u>161,740</u>
<b>Share application money pending allotment</b>		-	-
<b>Current liabilities</b>			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Others	4	8,635	5,198
Other current liabilities	5	1,394	1,277
Short term provisions	6	1,883	5,576
		<u>11,912</u>	<u>12,051</u>
<b>Total</b>		<u><b>176,651</b></u>	<u><b>173,791</b></u>
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets	7		
Tangible assets		5,001	6,087
Intangible assets		387	309
		<u>5,388</u>	<u>6,396</u>
Non current investments	8	33,326	34,406
Deferred tax asset (net)	9	1,242	921
Long term loans and advances	10	6,607	6,073
Other non current assets	11	2,094	1,500
		<u>48,657</u>	<u>49,296</u>
<b>Current assets</b>			
Inventories	12	23,118	21,531
Trade receivables	13	23,643	22,351
Cash and other bank balance	14	25,415	16,799
Short term loans and advances	15	55,561	63,588
Other current assets	16	257	226
		<u>127,994</u>	<u>124,495</u>
<b>Total</b>		<u><b>176,651</b></u>	<u><b>173,791</b></u>
Summary of significant accounting policies	1		
These notes are an integral part of the financial statements			

As per our attached report of even date

**For G. M. Kapadia & Co.,**  
**Chartered Accountants**  
 (Firm Registration No. 104767W)

**Yagnesh Mehta**  
 Partner  
 (Membership No. 034275)

**Place:** Mumbai **Dated:** May 17, 2016

For and on behalf of the Board

**Tanil R. Kilachand**  
**Parthiv T. Kilachand**  
**Atul H. Mehta**  
**Kanan V. Panchasara**  
**Deepali V. Chauhan**
**Place:** Mumbai **Dated:** May 17, 2016

 Chairman (DIN No.: 0006659)  
 Managing Director (DIN No.: 00005516)  
 Dy. Managing Director (DIN No.: 00005523)  
 Chief Financial Officer  
 Company Secretary & Compliance Officer



## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in '000)

Particulars	Note No.	Year Ended March 31	
		2016	2015
<b>REVENUE</b>			
<b>Revenue from operations</b>			
Revenue from operations (Gross)	17	139,191	194,441
Less: Excise duty		(16,295)	(21,040)
Revenue from operations (Net)		<u>122,896</u>	<u>173,401</u>
Other operating income		3,444	4,491
		<u>126,340</u>	<u>177,891</u>
Other Income	18	10,790	7,168
<b>Total revenue</b>		<u><b>137,130</b></u>	<u><b>185,059</b></u>
<b>EXPENSES</b>			
Cost of materials consumed	19	71,963	101,626
(Increase)/Decrease in stock of Work in Process	20	(2,003)	1,884
Manufacturing & other expenses	21	40,385	46,786
Employee benefits expenses	22	19,004	17,005
Depreciation & amortization	7	2,327	3,046
<b>Total Expenses</b>		<u><b>131,676</b></u>	<u><b>170,347</b></u>
Profit/(Loss) from continuing operations before exceptional and extraordinary items and tax		5,454	14,712
Prior period items{Income/(Expense)}		-	11
<b>Profit before tax</b>		5,454	14,723
<b>Tax expense</b>			
Current tax (for the year)		1,200	5,500
Current tax (relating to prior years)		360	-
Deferred tax		(321)	(210)
		<u>1,239</u>	<u>5,290</u>
<b>Profit/(Loss) after tax for the period from continuing operations</b>		<u><b>4,215</b></u>	<u><b>9,433</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>10.43</b>	<b>23.35</b>

These notes are an integral part of the financial statements.

As per our attached report of even date

**For G. M. Kapadia & Co.,**  
Chartered Accountants  
(Firm Registration No. 104767W)

**Yagnesh Mehta**

Partner

(Membership No. 034275)

Place: Mumbai Dated: May 17, 2016

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.: 0006659)  
Managing Director (DIN No.: 00005516)  
Dy. Managing Director (DIN No.: 00005523)  
Chief Financial Officer  
Company Secretary & Compliance Officer

Place: Mumbai Dated: May 17, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

(Amount in '000)

Particulars	As at March 31	
	2016	2015
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	5,454	14,723
Profit before tax from discontinuing operations	-	-
<b>Profit Before Tax</b>	<b>5,454</b>	<b>14,723</b>
<b>Non-cash adjustment to profit before tax:</b>		
Amount no longer payable - written back	(110)	-
Amount not recoverable - written off	64	380
Depreciation/amortization on continuing operation	2,327	3,046
Dividend Income	(54)	(38)
Diminution in the value of Investment	1,080	-
Gratuity & Leave Encashment Provision	180	306
Provision for Expected Claim	(3,041)	-
Interest Income	(7,379)	(7,125)
Prior period expenses	-	18
(Profit)/loss on sale of fixed assets	(11)	5
Loss by fire	57	-
Unrealized foreign exchange (gain)/ loss	72	48
<b>Operating profit before working capital changes</b>	<b>(1,360)</b>	<b>11,362</b>
Decrease/(increase) in trade receivables	(1,381)	17,412
Decrease/(increase) in loans and advances	8,740	2,898
Decrease/(increase) in other receivables	(594)	1,003
Decrease/(increase) in inventory	(1,587)	3,410
Increase/(decrease) in trade payable	3,547	(16,469)
Increase/(decrease) in other current liabilities	(1,612)	3,631
Direct taxes paid (net of refunds)	(2,278)	(4,752)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>3,474</b>	<b>7,134</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(1,319)	(2,542)
Proceeds from sale of fixed assets	70	-
Purchase of investments	-	(20,000)
Interest received	7,350	7,314
Dividend received	52	36
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>6,152</b>	<b>(15,191)</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(1,010)	-
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>(1,010)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+ C)</b>	<b>8,616</b>	<b>3,305</b>
Cash and cash equivalents at the beginning of the year	16,799	13,494
<b>Cash and cash equivalents at the end of the year</b>	<b>25,415</b>	<b>16,799</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	-	-
Bank balance	25,415	16,799
<b>Total cash and cash equivalents (Note No.14)</b>	<b>25,415</b>	<b>16,799</b>

As per our attached report of even date

**For G. M. Kapadia & Co.,**  
**Chartered Accountants**  
 (Firm Registration No. 104767W)  
**Yagnesh Mehta**  
 Partner  
 (Membership No. 034275)

Place: Mumbai Dated: May 17, 2016

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.: 0006659)  
 Managing Director (DIN No.: 00005516)  
 Dy. Managing Director (DIN No.: 00005523)  
 Chief Financial Officer  
 Company Secretary & Compliance Officer

Place: Mumbai Dated: May 17, 2016





## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 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 Rule 7 of the Companies (Accounts) Rules, 2014 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 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.

#### (ii) Fixed assets and depreciation

##### a. Fixed assets

###### 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 fixed assets 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 being depreciated on written down method at the rates specified in schedule II of the Companies Act, 2013.

###### Tangibles

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

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 and 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 values 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 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.

**Dividends**

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 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 management's 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, 2016

(Amount in '000)

Particulars	As at March 31	
	2016	2015
<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			
	2016		2015	
	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>40 4045</b>	<b>4040</b>	<b>404045</b>	<b>4040</b>

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

Name of the shareholder	As at March 31			
	2016		2015	
	No. of Shares	% held	No. of Shares	% held
i Virsun Investments Private Limited	80,802	19.99%	82,452	20.41%
ii Highclass Trading Private Limited	39,842	9.86%	39,842	9.86%
iii Rasayani Traders Private Limited	49,990	12.37%	48,340	11.96%

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(Amount in '000)

Particulars	As at March 31	
	2016	2015
<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>	5,000	5,000
At the beginning and at the end of the year		
<b>Securities Premium Account</b>	142,437	142,437
At the beginning and at the end of the year		
<b>General reserves</b>	206,993	206,993
At the beginning and at the end of the year		
<b>Surplus / (deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(200,291)	(208,509)
Net Profit/(Loss) transferred from Statement of profit and loss	4,215	9,433
<u>Less: Appropriations</u>		
Proposed dividend on equity shares	(1,010)	(1,010)
Tax on dividend	(206)	(206)
<b>Net deficit in the Statement of profit and loss</b>	<u>(197,293)</u>	<u>(200,291)</u>
<b>Total</b>	<b><u>160,699</u></b>	<b><u>157,700</u></b>
<b>4 TRADE PAYABLES</b>		
Trade payable - goods	5,355	4,191
Trade payable - expenses	3,280	1,006
<b>Total</b>	<b><u>8,635</u></b>	<b><u>5,198</u></b>
<b>5 OTHER CURRENT LIABILITIES</b>		
Statutory liabilities	248	311
<u>Provision for employee benefits</u>		
Gratuity	1,106	732
Leave encashment	40	234
<b>Total</b>	<b><u>1,394</u></b>	<b><u>1,277</u></b>
<b>6 SHORT TERM PROVISIONS</b>		
Provision for tax(net of advance tax)	-	748
<u>Provision for employee benefits</u>		
Bonus payable	147	7
Leave travel allowance payable	520	564
Provision for expected claims	-	3,041
Proposed dividend	1,010	1,010
Tax on dividend	206	206
<b>Total</b>	<b><u>1,883</u></b>	<b><u>5,576</u></b>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

7 FIXED ASSETS

(Amount in '000)

Nature of Assets	Gross Block				Depreciation				Net block	
	As at 1-Apr-15	Additions	Deductions/ Adjustments	As at 31-Mar-16	Up to 1-Apr-15	For the year	Deductions/ Adjustments	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
<b>Tangible Assets</b>										
Lease Hold Improvements	255	135	-	390	138	111	-	249	142	117
Laboratory Equipments	666	63	-	729	86	156	-	242	487	580
Plant and machinery	2,896	241	-	3,137	768	356	-	1,124	2,013	2,128
Vehicles	3,642	-	-	3,642	2,379	421	-	2,800	842	1,262
Furniture & fixtures	1,931	9	-	1,940	843	294	-	1,137	804	1,088
Office equipment	1,717	330	70	1,977	1,151	382	70	1,463	514	566
Computers	1,593	95	-	1,688	1,247	241	-	1,488	200	346
<b>Total</b>	<b>12,700</b>	<b>873</b>	<b>70</b>	<b>13,504</b>	<b>6,613</b>	<b>1,960</b>	<b>70</b>	<b>8,503</b>	<b>5,001</b>	<b>6,087</b>
<b>Intangible Assets</b>										
Computer software	889	446	-	1,335	580	368	-	947	387	309
<b>Total</b>	<b>889</b>	<b>446</b>	<b>-</b>	<b>1,335</b>	<b>580</b>	<b>368</b>	<b>-</b>	<b>947</b>	<b>387</b>	<b>309</b>
<b>Total Assets</b>	<b>13,589</b>	<b>1,319</b>	<b>70</b>	<b>14,838</b>	<b>7,193</b>	<b>2,327</b>	<b>70</b>	<b>9,450</b>	<b>5,388</b>	<b>6,396</b>
Previous Year	11,293	2,542	246	13,589	4,371	3,064	241	7,193	6,396	6,923

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 per share			2016	2015
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	140
IDFC Bank Ltd.	800	-	Rs.10/-	-	Fully paid	55	-
ITC Ltd.	1,200	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)	(119)
						274	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>Total</b>	<b>1,861</b>	<b>1,861</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**b) In Associates**
**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			2016	2015
Gujarat Poly AVX Electronics Ltd.	2,866,154	2,866,154	Rs 10/-	Rs 10/-	Fully paid	41,944	41,944
Less: Provision for diminution						(30,479)	(30,479)
Net value					<b>Total</b>	<b>11,465</b>	<b>11,465</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			2016	2015
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>

**(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				2016	2015
Gujarat Poly AVX Electronics Ltd.						
1/2 % Non cumulative redeemable Preference shares	668,280	668,280	100/-	Fully paid	1,080	1,080
Less : Provision for diminution					1,080	-
				<b>Total</b>	-	1,080
<b>Total Non current investments</b>				<b>Total</b>	<b>33,326</b>	<b>34,406</b>

Aggregate value of quoted investments

Cost	43,924	43,924
Market Value	29,050	25,116
Aggregate provision for diminution	30,598	30,598

Aggregate Value of Unquoted Investments
In Mutual Funds

Cost	20,000	20,000
Net Asset Value	23,085	21,371

In Preference Shares

Cost	1,080	1,080
Aggregate provision for diminution	1,080	-

**9 DEFERRED TAX ASSETS (NET)**
**Deferred tax assets/liabilities(net)**
**Deferred tax assets on account of :**

Fixed assets: Impact of difference between tax depreciation and depreciation/  
amortization charged for the financial reporting

1,242 921

**Deferred tax liabilities on account of:**
**Net deferred tax assets**

**Total** 1,242 921





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in '000)

Particulars	As at March 31	
	2016	2015
<b>10 LONG TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Security deposits	1,157	1,156
	(a) <u>1,157</u>	<u>1,156</u>
<b>Other loans and advances</b>		
Advance tax (net of provision)	873	-
Prepaid expenses	392	37
Balances with statutory/ government authorities	3,396	3,185
Advances & Loans to employees	789	1,695
	(b) <u>5,450</u>	<u>4,917</u>
<b>Total (a+b)</b>	<u><u>6,607</u></u>	<u><u>6,073</u></u>
<b>11 OTHER NON CURRENT ASSETS</b>		
Term Deposits with banks		
More than 12 months maturity	2,094	1,500
<b>Total</b>	<u><u>2,094</u></u>	<u><u>1,500</u></u>
<b>12 INVENTORIES</b>		
Raw materials and components (valued at cost)	1,647	2,021
	(a) <u>1,647</u>	<u>2,021</u>
Work-in-process (valued at cost)	4,565	2,748
	(b) <u>4,565</u>	<u>2,748</u>
Stores & spares (valued at cost)	242	284
	(c) <u>242</u>	<u>284</u>
Property Development	16,664	16,478
	(d) <u>16,664</u>	<u>16,478</u>
<b>Total (a+b+c+d)</b>	<u><u>23,118</u></u>	<u><u>21,531</u></u>
<b>13 TRADE RECEIVABLES</b>		
Unsecured, considered good	23,643	22,351
	<u>23,643</u>	<u>22,351</u>
Outstanding for a period exceeding six months	-	516
Others	23,643	21,835
<b>Total</b>	<u><u>23,643</u></u>	<u><u>22,351</u></u>
<b>14 CASH AND OTHER BANK BALANCE</b>		
<b>Cash &amp; cash equivalent</b>		
<b>Balances with banks:</b>		
On current account	3,590	1,130
Bank deposits with less than 3 months maturity	4,800	1,800
Cash on hand	-	-
	(a) <u>8,390</u>	<u>2,930</u>
<b>Others bank balances</b>		
<b>Term deposits with banks</b>		
More than 3 months but less than 12 months maturity	17,025	13,869
	(b) <u>17,025</u>	<u>13,869</u>
<b>Total (a+b)</b>	<u><u>25,415</u></u>	<u><u>16,799</u></u>

Note: 1) Lien marked on deposit of Rs. 1,25,000/- for issuance of guarantee in favouring of Regional Officer, Maharashtra Pollution Control Board, Kalyan.

2) Lien marked on deposit of Rs.5,00,000/- for issuance of Corporate expense card by HDFC Bank .

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(Amount in '000)

Particulars	As at March 31	
	2016	2015
<b>15 SHORT TERM LOANS AND ADVANCES</b>		
<u>Unsecured considered good</u>		
Advance tax (net of provision)	6,143	6,143
Balances with statutory/ government authorities	928	2,808
Inter corporate deposit	374	1,274
Advances & Loans to employees	919	713
Advances to suppliers/service providers	28	450
Prepaid expenses	122	214
<u>Loans and advances to related parties</u>		
Gujarat Poly AVX Electronics Limited	47,046	51,984
<b>Total</b>	<b>55,561</b>	<b>63,588</b>
<b>16 OTHER CURRENT ASSETS</b>		
<u>Unsecured considered good</u>		
Interest accrued but not due	255	226
Dividend receivable	2	-
<b>Total</b>	<b>257</b>	<b>226</b>
<b>17 REVENUE FROM OPERATIONS</b>		
Sale of products (Net)	122,897	173,401
Sale of property	-	-
	122,897	173,401
<u>Other operating revenues</u>		
Exchange gain difference	1,693	2,355
Duty drawback received	1,663	2,117
Sale of scrap	88	19
	3,444	4,491
<b>Total</b>	<b>126,340</b>	<b>177,892</b>
<b>18 OTHER INCOME</b>		
Interest income	7,379	7,125
Dividend income	54	38
<u>Other non-operating income</u>		
Gratuity & leave encashment provision written back	194	-
Amount not payable written back	110	-
Other sundry income	1	4
Profit on sale of fixed asset	11	-
Reversal of Expected Claim	3,041	-
<b>Total</b>	<b>10,790</b>	<b>7,168</b>
<b>19 COST OF RAW MATERIAL CONSUMED</b>		
Opening stock	2,021	3,046
Purchases	71,786	100,601
Less :Closing stock	(1,844)	(2,021)
<b>Total</b>	<b>71,963</b>	<b>101,626</b>
<b>20 INCREASE/(DECREASE) IN WORK IN PROCESS</b>		
<b>Work in process</b>		
Closing stock	4,565	2,748
Less: Opening stock	(2,748)	(5,169)
	1,817	(2,421)
<b>Property Development</b>		
Closing stock	16,664	16,478
Less: Opening stock	(16,478)	(15,942)
	186	536
<b>Total</b>	<b>2,003</b>	<b>(1,884)</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in '000)

Particulars	As at March 31	
	2016	2015
<b>21 MANUFACTURING &amp; OTHER EXPENSES</b>		
Advertisement expenses	135	172
Amount not recoverable written off	54	380
Conversion & processing charges	16,513	20,825
Conveyance & travelling expenses	665	920
Diminution in the value of investments	1,080	-
Director sitting fees	123	75
Donation	310	-
Electric Power, oil fuel and water charges	891	774
Expected Claims	-	3,041
General Charges	891	888
Insurance charges	190	219
ISO & Certification expenses	87	604
Land development expenses	186	536
Legal and professional fees	4,685	2,904
Loss by fire	57	-
Loss on sale of assets	-	5
Membership & subscription	723	484
Miscellaneous expenses	599	715
Motor car expenses	1,429	1,503
Postage & courier expenses	143	109
Printing & stationery expenses	636	665
<u>Payment to Auditors</u>		
Audit Fees	300	300
Tax Audit Fees	70	70
Other matters	149	198
Rates & taxes	173	286
Rent	3,061	2,089
<u>Repair &amp; Maintenance</u>		
Computer	201	141
Machinery	26	30
Others	558	778
Selling & distribution expenses	4,210	5,547
<u>Stores spares &amp; packing material consumed</u>		
Opening Stock	284	
Add: Purchase during the year	1,490	
Less: Closing Stock	(242)	
Telephone expenses	707	609
<b>Total</b>	<b>40,385</b>	<b>46,786</b>
<b>22 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and incentives	14,407	12,618
<u>Contribution to funds</u>		
Provident fund & other funds	1,361	1,244
Gratuity & Super annuation fund	1,679	1,130
Other benefits	372	444
	3,412	2,818
Staff welfare expenses	1,185	1,570
<b>Total</b>	<b>19,004</b>	<b>17,005</b>
<b>23 EARNINGS IN FOREIGN EXCHANGE</b>		
Export of goods calculated on FOB basis	90,516	123,501
Expenditure in foreign currency	234	867

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	(Amount in '000)	
	Year Ended March 31	
	2016	2015
<b>24 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).	2,708	1,239
ii Disputed income tax liabilities contested by the company	8,257	8,257
iii Disputed cenvat credit wrong availed liabilities contested by the company	2,238	-
<b>25</b> Amount of lease rental charged to the Statement of Profit and Loss in respect of premises taken on cancellable operating lease is Rs. 2038('000) (Previous Year Rs. 2089('000)).		
<b>26 Employee Benefits</b>		
<b>(i) Defined Contribution plans :</b> Company's contribution to Provident fund is Rs.1081('000) (Previous year Rs. 925('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, 2016:		
<b>(a) Change showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	2,981	2,604
Interest cost	239	208
Current Service Cost	206	126
Benefits Paid	(352)	(181)
Actuarial (Gain)/loss on obligations	856	224
Present value of obligations as at end of year	<u>3,928</u>	<u>2,981</u>
<b>(b) Changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	2,250	1,903
Expected return on plan assets	180	152
Contributions	695	349
Benefits Paid	(352)	(181)
Actuarial Gain/(loss)	50	27
Fair value of plan assets at end of the year	<u>2,822</u>	<u>2,250</u>
<b>(c) Fair Value of Plan Assets</b>		
Fair value of plan assets at the beginning of year	2,250	1,903
Actual return on plan assets	230	179
Contributions	695	349
Benefits Paid	(352)	(181)
Fair value of plan assets at the end of the year	2,822	2,250
Funded status	(1,106)	(732)
Excess of Actual over estimated return on plan assets	(50)	27
(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	856	224
Actuarial Gain/(Loss) for the year - Plan Assets	(50)	(27)
Total (Gain)/Loss for the year	<u>805</u>	<u>198</u>
Actuarial (Gain)/Loss unrecognized in the year	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(Amount in '000)

Particulars	As at March 31	
	2016	2015
<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	3,928	2,981
Fair value of plan assets as at the end of the year	2,822	2,250
Funded status	-	-
Net Asset/(Liability) recognized in the balance sheet	(1,106)	(732)
<b>(f) Expenses Recognized in Statement of Profit and Loss</b>		
Current service cost	206	126
Interest Cost	239	208
Expected return on plan assets	(180)	(152)
Net Actuarial (Gain)/Loss recognized in the year	805	198
Expenses recognized in Statement of Profit and Loss	1,069	380
<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>		
<u>Description</u>		<u>% of Investment</u>
Central Government Securities		22.85
State Government Securities		24.54
Approved marketable government guaranteed securities		1.14
Bonds/Debentures etc.		31.90
Equity Shares		5.08
Preference Shares		0.00
Fixed Deposits and Money Market instruments		14.48
	<b>Total</b>	<b>100.00</b>
<b>(h) Assumptions</b>		
Discount Rate (per annum)	8.06%	8.00%
Expected rate of return on plan assets (per annum)	8.06%	8.00%
Expected rate of increase in compensation levels (per annum)	6.00%	6.00%

**27 Earning per share**

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	(Amount in '000)	
	2016	2015
Net Profit /(loss) for the year after tax (Rs. '000)	4,215	9,433
Excess /(Short) provision for tax of earlier Years (Rs. '000)	-	-
Profit /(Loss) attributable to equity shareholders (Rs. '000)	4,215	9,433
Weighted average number of equity shares outstanding during the year	404,045	404,045
Basic/Diluted Earnings per share (Rs.)	10.43	23.35
Nominal Value per Share (Rs.)	10/-	10/-



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**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	Mr. T. R. Kilachand - Executive Chairman Mr. P.T. Kilachand - Managing Director Mr. A.H. Mehta - Dy. Managing Director Ms. K. V. Panchasara - Chief Financial Officer Ms. D.V. Chauhan - Company Secretary and Compliance Officer
2	Entities where the key managerial personnel have significant influence	Ginners & Pressers Limited Rasayani Traders Private Limited Sun Tan Trading Co. Limited Tulsi Global Logistics Private Limited
3	Associate	Gujarat Poly AVX Electronics Limited
4	Control	Kilachand Devchand Foundation

(b) Details of Transactions :

(Amount in '000)

Details of transactions	Key Managerial personnel		Entities where the key managerial personnel have significant influence		Associate/Control		Total Amount	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Expenses</b>								
<u>Rent</u>								
Ginners & Pressers Limited	-	-	725	725	-	-	725	725
Gujarat Poly AVX Electronics Limited	-	-	-	-	-	-	-	-
Tulsi Global Logistics Private Limited	-	-	(378)	(378)	-	-	(378)	(378)
<u>Electricity Charges</u>								
Ginners & Pressers Limited	-	-	269	272	-	-	269	272
Rasayani Traders Private Limited	-	-	-	-	-	-	-	-
<u>Donation</u>								
Kilachand Devchand Foundation	-	-	-	-	300	-	300	-
<u>Remuneration</u>								
P.T. Kilachand	2,641	2,032	-	-	-	-	2,641	2,032
A.H. Mehta	1,696	1,272	-	-	-	-	1,696	1,272
K. V. Panchasara	1,067	739	-	-	-	-	1,067	739
D.V. Chauhan	390	40	-	-	-	-	390	40
<u>Directors Sitting Fees</u>								
T.R. Kilachand	15	6	-	-	-	-	15	6
N.T. Kilachand	12	9	-	-	-	-	12	9
Devang Vyas	-	18	-	-	-	-	-	18
<b>Total expenses payable</b>	<b>5,821</b>	<b>4,116</b>	<b>616</b>	<b>620</b>	<b>300</b>	<b>-</b>	<b>6,736</b>	<b>4,736</b>
<u>Reimbursement/(Recovery) of expenses</u>								
Ginners & Pressers Limited	-	-	(1)	(1)	-	-	(1)	(1)
Gujarat Poly AVX Electronics Limited	-	-	-	-	(31)	(30)	(31)	(30)
Sun tan Trading Co. Limited	-	-	3	22	-	-	3	22
Tulsi Global Logistics Private Limited	-	-	(76)	(75)	-	-	(76)	(75)
<b>Total reimbursement</b>	<b>-</b>	<b>-</b>	<b>(74)</b>	<b>(54)</b>	<b>(31)</b>	<b>(30)</b>	<b>(106)</b>	<b>(84)</b>
<u>Interest Received</u>								
Gujarat Poly AVX Electronics Limited	-	-	-	-	5,625	5,798	5,625	5,798
<u>Inter Corporate Deposit</u>								
Gujarat Poly AVX Electronics Limited	-	-	-	-	-	-	-	-
<u>Balance outstanding as at year end</u>								
Gujarat Poly AVX Electronics Limited	-	-	-	-	47,046	51,984	47,046	51,984

**Note:** 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****29 Applicability of the micro and small enterprises development Act, 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	
	2016	2015
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	-	-

**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	2016			2015		
	Property Development	Specialty Chemicals	Total	Property Development	Specialty Chemicals	Total
<b>REVENUE</b>						
From External Customer	-	126,340	126,340	-	177,891	177,891
Add : Inter Segment Sales	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	-	126,340	126,340	-	177,891	177,891
<b>SEGMENT RESULT</b>	-	24,788	24,788	-	31,290	31,290
<u>Unallocated income:</u>						
Interest and other income	-	-	10,790	-	-	7,187
<u>Unallocated expenses:</u>						
Other expenses	-	-	30,124	-	-	23,754
Interest expense	-	-	-	-	-	-
<b>PROFIT / (LOSS) BEFORE TAX</b>			5,454			14,723
Provision for Current tax	-	-	1,200	-	-	5,500
Provision for Deferred Tax	-	-	(321)	-	-	(210)
Income tax for earlier years	-	-	360	-	-	-
<b>PROFIT / (LOSS) AFTER TAX</b>			4,215			9,433
<b>OTHER INFORMATION</b>						
Segment Assets	16,664	42,504	59,168	16,478	40,130	56,608
Unallocated Corporate Assets	-	-	117,483	-	-	117,183
<b>Total Assets</b>	-	-	176,651	-	-	173,791
Segment Liabilities	-	7,694	7,694	-	8,122	8,122
Unallocated Corporate Liabilities	-	-	168,957	-	-	165,670
<b>Total Liabilities</b>			176,651			173,791
Additions to Fixed assets during the year	186	461	646	536	1,951	2,488
Depreciation	-	974	974	-	956	956

(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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**31 Derivative Instruments and unhedged foreign currency exposure**

i) Derivatives outstanding as at the March 31, 2016

(Amount in '000)

Particulars	2016	2015
Forward Contract to buy currency	GBP 47,700 (Rs.47,29,959/-)	GBP 48,400 (Rs.44,75,020/-)
	Euro 26,500 (Rs.20,46,595/-)	Euro 28,500 (Rs.19,24,046/-)

ii) Particulars of unhedged foreign currency exposure as at March 31, 2016

(Amount in '000)

Particulars	2016	2015
Export Trade Receivables	GBP 24,516 (Rs.23,27,051/-)	US \$ 39,000 (Rs.24,41,041/-)
	Euro 500 (Rs.36,450/-)	Euro 500 (Rs.33,755/-)
		GBP 800 (Rs.73,968/-)

**32 Unpaid Dividend**

Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd. as on the March 31, 2016 for the final dividend declared on July 27, 2015 for the year 2015-2016 is Rs.89,415/-.

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

**Signatures to Notes 1 to 33**

As per our attached report of even date

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

(Firm Registration No. 104767W)

**Yagnesh Mehta**

Partner

(Membership No. 034275)

**Place: Mumbai Dated: May 17, 2016**

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.: 0006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary &amp; Compliance Officer

**Place: Mumbai Dated: May 17, 2016**





## 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 associate company, comprising of the Consolidated Balance Sheet as at March 31, 2016 and the Consolidated Statement of Profit and Loss 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 and consolidated financial performance of the Company including its associate company 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 Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of directors of the Company and its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associate company 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 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 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 explanations 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 Company and its associate as at March 31, 2016, and their consolidated profit for the year ended on that date.

**Other Matter**

The Consolidated financial statements also include the Associate company share of Rs. Nil for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished by the Management and our opinion on the consolidated financial statements, in so far as it relates to the aforesaid associate, 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**

1. 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 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 and the Consolidated Statement of Profit & Loss 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 Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its associate company none of the directors of Company and its associate company is disqualified as on March 31, 2016 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 its associate company 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 explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate company – Refer Note no. 24 to the consolidated financial statements;
    - ii. The Company and its associate 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 its associate company incorporated in India.

Place: Mumbai  
Date: May 17, 2016

**For G. M. KAPADIA & CO.**  
**Chartered Accountants**  
(Firm Registration No.104767W)  
**YAGNESH MEHTA**  
Partner  
(Membership No. 034275)

## **“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, 2016, we have audited the internal financial controls over financial reporting of **POLYCHEM LIMITED** (“the Holding Company”) and its associate 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 associate, 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 it’s assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s 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 Company and its associate which are incorporated in India have, 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, 2016 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.

#### **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 an associate company incorporated in India, is based on the corresponding report of the auditor of such associate 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 17, 2016

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	Rupees in 000's As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds:</b>		
Share capital	2	4,040
Reserves & surplus	3	148,415
		<u>152,455</u>
<b>Share application money pending allotment</b>		-
<b>Current liabilities</b>		
Trade payables		-
Total outstanding dues of micro enterprises and small enterprises		-
Others	4	8,635
Other current liabilities	5	1,394
Short term provisions	6	1,883
		<u>11,912</u>
	<b>Total</b>	<b><u>164,367</u></b>
<b>ASSETS</b>		
<b>Non current assets</b>		
Fixed assets	7	
Tangible assets		5,001
Intangible assets		387
		<u>5,388</u>
Non current investments	8	21,861
Deferred tax asset (net)	9	1,242
Long term loans and advances	10	6,607
Other non current assets	11	2,095
		<u>37,193</u>
<b>Current assets</b>		
Inventories	12	23,118
Trade receivables	13	23,643
Cash and other bank balance	14	25,415
Short term loans and advances	15	54,741
Other current assets	16	257
		<u>127,174</u>
	<b>Total</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 attached report of even date

**For G. M. Kapadia & Co.,**  
**Chartered Accountants**  
(Firm Registration No. 104767W)

**Yagnesh Mehta**  
Partner  
(Membership No. 034275)

Place: Mumbai Dated: May 17, 2016

For and on behalf of the Board

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

Place: Mumbai Dated: May 17, 2016

Chairman (DIN No.: 0006659)  
Managing Director (DIN No.: 00005516)  
Dy. Managing Director (DIN No.: 00005523)  
Chief Financial Officer  
Company Secretary & Compliance Officer

**STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE PERIOD ENDED MARCH 31, 2016**

Rupees in 000's

Particulars	Note No.	Year Ended March 31, 2016
<b>REVENUE</b>		
<b>REVENUE FROM OPERATIONS</b>		
Revenue from operations(Gross)	17	139,191
Less: Excise duty		<u>(16,295)</u>
Revenue from operations (Net)		122,896
Other operating income		<u>3,444</u>
		<u>126,340</u>
Other Income	18	<u>9,970</u>
<b>Total revenue</b>		<b><u>136,310</u></b>
<b>EXPENSES</b>		
Cost of raw materials consumed	19	71,963
(Increase)/Decrease in stock of work in process	20	(2,003)
Manufacturing & other expenses	21	40,385
Employee benefits expenses	22	19,004
Depreciation & amortization	7	<u>2,327</u>
<b>Total Expenses</b>		<b><u>131,676</u></b>
Profit/(Loss) from continuing operations before exceptional and extraordinary items and tax		4,634
Prior period items {(Income / (Expense))}		<u>-</u>
<b>Profit before tax</b>		4,634
<b>Tax expense</b>		
Current tax (for the year)		1,200
Current tax (relating to prior years)		360
Deferred tax		<u>(321)</u>
		<u>1,239</u>
<b>Profit/(Loss) after tax for the period from continuing operations</b>		<b>3,395</b>
<b>Share of Profit/(Loss) of Associates</b>		<u>-</u>
<b>Net Profit/(Loss) after taxes and share of profit/(loss) of associates</b>		<b><u>3,395</u></b>
<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>Basic &amp; Diluted</b>	27	<b>8.40</b>

Summary of significant accounting policies

These notes are an integral part of the financial statements

As per our attached report of even date

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

(Firm Registration No. 104767W)

**Yagnesh Mehta**

Partner

(Membership No. 034275)

**Place:** Mumbai **Dated:** May 17, 2016

For and on behalf of the Board

**Tanil R. Kilachand****Parthiv T. Kilachand****Atul H. Mehta****Kanan V. Panchasara****Deepali V. Chauhan****Place:** Mumbai **Dated:** May 17, 2016

Chairman (DIN No.: 0006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary &amp; Compliance Officer

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**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

These Significant Accounting policies and notes to accounts form part of the Consolidated Financial statements for the year ended March 31, 2016. The consolidated financial statements comprises of Polychem Limited (hereinafter referred to as “the Holding company”) and its associate (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).

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(i) Basis of preparations**

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 Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act (to the extent notified). In accordance with provision 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.

**(ii) Principal of Consolidation**

The Consolidated Financial Statements are prepared in accordance with Section 129(3) of the Companies Act, 2013 (“the Act”).

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 financial statements of the Associate 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 associate company which are not having any effect on the true and fair view with the consolidated financial statements are excluded.

**Associate**

Investments in entity in which Company directly or indirectly through associates 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 consolidation Statement of Profit & Loss includes the Group’s shares of the result of the operations of the associate.



The excess of the cost to the Company of its 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.

**Particulars of Associate**

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

**(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) Fixed assets and depreciation**

**a. Fixed assets**

**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 fixed assets 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 being depreciated on written down method at the rates specified in schedule II of the Companies Act,2013.

**Tangibles**

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

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 it's carrying amount, the carrying amount is reduced to it's 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.

**(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 and 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 values 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 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 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.



**Dividends**

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 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 management's 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) 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**  
(Amount in '000)

Particulars	As at March 31, 2016
<b>2 SHARE CAPITAL</b>	
<b>Authorized share capital</b>	
40,000,000 Equity shares of Rs. 10/- each	400,000
600,000 13.50% Redeemable cumulative preference shares of Rs. 100/- each	60,000
500,000 Cumulative convertible preference shares of Rs. 100/- each	50,000
<b>Total</b>	<b>510,000</b>
<b>Issued share capital</b>	
404,045 Equity shares of Rs 10/- each fully paid up	4,040
<b>Total</b>	<b>4,040</b>
<b>Subscribed &amp; paid up share capital</b>	
404,045 Equity shares of Rs 10/- each fully paid up	4,040
<b>Total</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	(Amount in '000)	
	As at March 31, 2016	
	No. of Shares	Amount
At the beginning of the period	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>

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

Name of the shareholder	As at March 31	
Particulars	No. of Shares	% held
i Virsun Investments Private Limited	80,802	19.99%
ii Highclass Trading Private Limited	39,842	9.86%
iii Rasayani Traders Private Limited	49,990	12.37%

**3 RESERVES AND SURPLUS**

<b>Capital Reserves</b>	3,562
At the beginning and at the end of the year	
<b>Capital Redemption Reserve</b>	5,000
At the beginning and at the end of the year	
<b>Securities Premium Account</b>	142,437
At the beginning and at the end of the year	
<b>General reserves</b>	206,993
At the beginning and at the end of the year	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**  
 (Amount in '000)

Particulars	As at March 31, 2016
<b>Surplus/(deficit) in the statement of profit and loss</b>	
Balance as at the beginning of the year	(211,756)
Net Profit/(Loss) transferred from Statement of Profit and Loss	3,395
Less: Appropriations	
Proposed dividend on equity shares	(1,010)
Tax on dividend	(206)
<b>Net deficit in the Statement of Profit and Loss</b>	<b>(209,577)</b>
<b>Total</b>	<b><u>148,415</u></b>
<b>4 TRADE PAYABLES</b>	
Trade payable - goods	5,355
Trade payable - expenses	3,280
<b>Total</b>	<b><u>8,635</u></b>
<b>5 OTHER CURRENT LIABILITIES</b>	
Statutory liabilities	248
Provision for employee benefits	
Gratuity	1,106
Leave encashment	40
<b>Total</b>	<b><u>1,394</u></b>
<b>6 SHORT TERM PROVISIONS</b>	
Provision for employee benefits	
Bonus payable	147
Leave travel allowance payable	520
Proposed dividend	1,010
Tax on dividend	206
<b>Total</b>	<b><u>1,883</u></b>

**7 FIXED ASSETS**

Nature of Assets	Gross Block				Depreciation				Net block	
	As at 1-Apr-15	Additions	Deductions/ Adjustments	As at 31-Mar-16	Up to 1-Apr-15	For the year	Deductions/ Adjustments	As at 31-Mar-16	As at 31-Mar-16	
<b>Tangible Assets</b>										
Building	-	-	-	-	-	-	-	-	-	
Lease Hold Improvements	255	135	-	390	138	111	-	249	142	
Laboratory Equipments	666	63	-	729	86	156	-	242	487	
Plant and machinery	2,896	241	-	3,137	768	356	-	1,124	2,013	
Vehicles	3,642	-	-	3,642	2,379	421	-	2,800	842	
Furniture & fixtures	1,931	9	-	1,940	843	294	-	1,137	804	
Office equipment	1,717	330	70	1,977	1,151	382	70	1,463	514	
Computers	1,593	95	-	1,688	1,247	241	-	1,488	200	
<b>Total</b>	<b>12,700</b>	<b>873</b>	<b>70</b>	<b>13,503</b>	<b>6,612</b>	<b>1,961</b>	<b>70</b>	<b>8,503</b>	<b>5,001</b>	
<b>Intangible Assets</b>										
Computer software	889	446	-	1,335	580	367	-	947	387	
<b>Total</b>	<b>889</b>	<b>446</b>	<b>-</b>	<b>1,335</b>	<b>580</b>	<b>367</b>	<b>-</b>	<b>947</b>	<b>387</b>	
<b>Total Assets</b>	<b>13,589</b>	<b>1,319</b>	<b>70</b>	<b>14,838</b>	<b>7,192</b>	<b>2,328</b>	<b>70</b>	<b>9,450</b>	<b>5,388</b>	



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

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

**Unquoted**

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

(Amount in '000)

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

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

(Amount in '000)

Particulars	Partly/Fully	As at March 31, 2016
	Paid up	
Gujarat Poly AVX Electronics Ltd.		
1/2 % Non cumulative redeemable Preference shares	Fully paid	1,080
Less : Provision for diminution		1,080
	<b>Total</b>	-
<b>Total Non current investments</b>	<b>Total</b>	<b>21,861</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**  
 (Amount in '000)

Particulars	As at March 31, 2016
Aggregate Value of Quoted Investments	
Cost	1,861
Market Value	2,767
Aggregate provision for diminution	119
Aggregate Value of Unquoted Investments	
In Mutual Funds	
Cost	20,000
Net Asset Value	23,085
Aggregate Value of Unquoted Investments	
In Preference Shares	
Cost	1,080
Aggregate provision for diminution	1,080
<b>9 DEFERRED TAX ASSETS (NET)</b>	
<b>Deferred tax assets/liabilities( net)</b>	
<b>Deferred tax assets on account of :</b>	
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	1,242
<b>Deferred tax liabilities on account of:</b>	-
<b>Net deferred tax assets</b>	<b>Total</b> <u><u>1,242</u></u>
<b>10 LONG TERM LOANS AND ADVANCES</b>	
Unsecured , considered good	
Security deposits	1,157
	<b>(a)</b> <u><u>1,157</u></u>
<b>Other loans and advances</b>	
Advance tax (net of provision)	873
Prepaid expenses	392
Balances with statutory/ government authorities	3,396
Advances & Loans to employees	789
	<b>(b)</b> <u><u>5,450</u></u>
	<b>Total (a+b)</b> <u><u>6,607</u></u>
<b>11 OTHER NON CURRENT ASSETS</b>	
<b>Term Deposits with banks</b>	
More than 12 months maturity	2,095
	<b>Total</b> <u><u>2,095</u></u>
<b>12 INVENTORIES</b>	
Raw materials and components (valued at cost)	1,647
	<b>(a)</b> <u><u>1,647</u></u>
Work-in-process (valued at cost)	4,565
	<b>(b)</b> <u><u>4,565</u></u>
Stores & spares (valued at cost)	242
	<b>(c)</b> <u><u>242</u></u>
Property Development	16,664
	<b>(d)</b> <u><u>16,664</u></u>
	<b>Total (a+b+c+d)</b> <u><u>23,118</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(Amount in '000)

Particulars	As at March 31, 2016
<b>13 TRADE RECEIVABLES</b>	
Unsecured, considered good	23,643
	<u>23,643</u>
Outstanding for a period exceeding six month form the date they are due for payment	-
Others	23,643
<b>Total</b>	<u><u>23,643</u></u>
<b>14 CASH AND OTHER BANK BALANCE</b>	
<b>Cash &amp; cash equivalent</b>	
<u>Balances with banks:</u>	
On current account	3,590
Bank deposits with less than 3 months maturity	4,800
Cash on hand	-
<b>(a)</b>	<u>8,390</u>
<b>Others bank balances</b>	
<u>Term deposits with banks</u>	
More than 3 months but less than 12 months maturity	17,025
<b>(b)</b>	<u>17,025</u>
<b>Total (a+b)</b>	<u><u>25,415</u></u>
Note: 1) Lien marked on deposit of Rs.1,25,000/- for issuance of guarantee in favouring of Regional Officer, Maharashtra Pollution Control Board, Kalyan.	
2) Lien marked on deposit of Rs. 5,00,000/- for issuance of Corporate expense card by HDFC Bank.	
<b>15 SHORT TERM LOANS AND ADVANCES</b>	
<u>Unsecured considered good</u>	
Advance tax (net of provision)	6,144
Balances with statutory/ government authorities	928
Inter corporate deposit	374
Advances & Loans to employees	919
Advances to suppliers/service providers	28
Prepaid expenses	122
<u>Loans and advances to related parties</u>	
Gujarat Poly AVX Electronics Limited	46,226
<b>Total</b>	<u><u>54,741</u></u>
<b>16 OTHER CURRENT ASSETS</b>	
<u>Unsecured considered good</u>	
Interest accrued but not due	255
Dividend receivable	2
<b>Total</b>	<u><u>257</u></u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**  
(Amount in '000)

Particulars	As at March 31, 2016
<b>17 REVENUE FROM OPERATIONS</b>	
Sale of products (Net)	122,897
Sale of property	-
	<u>122,897</u>
<u>Other operating revenues</u>	
Exchange gain difference	1,693
Duty drawback received	1,663
Sale of scrap	88
	<u>3,444</u>
<b>Total</b>	<b><u>126,341</u></b>
<b>18 OTHER INCOME</b>	
Interest income	6,559
Dividend income	54
<u>Other non-operating income</u>	
Gratuity & leave encashment provision written back	194
Amount not payable written back	110
Other sundry income	1
Profit on sale of fixed asset	11
Reversal of Expected Claim	3,041
	<u>9,970</u>
<b>Total</b>	<b><u>9,970</u></b>
<b>19 COST OF RAW MATERIAL CONSUMED</b>	
Opening stock	2,021
Purchases	71,786
Less: Closing stock	(1,844)
	<u>71,963</u>
<b>Total</b>	<b><u>71,963</u></b>
<b>20 INCREASE/(DECREASE) IN WORK IN PROCESS</b>	
<b>Work in process</b>	
Closing stock	4,565
Less: Opening stock	(2,748)
	<u>1,817</u>
<b>Property Development</b>	
Closing stock	16,664
Less: Opening stock	(16,478)
	<u>186</u>
<b>Total</b>	<b><u>2,003</u></b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

(Amount in '000)

Particulars	As at March 31, 2016
<b>21 <u>MANUFACTURING &amp; OTHER EXPENSES</u></b>	
Advertisement expenses	135
Amount not recoverable written off	54
Conversion & processing charges	16,513
Conveyance & travelling expenses	665
Diminution in the value of investments	1,080
Director sitting fees	123
Donation	310
Electric Power, oil fuel and water charges	891
Expected Claims	-
General Charges	891
Insurance charges	190
ISO & Certification expenses	87
Land development expenses	186
Legal and professional fees	4,685
Loss by fire	57
Loss on sale of assets	-
Membership & subscription	723
Miscellaneous expenses	599
Motor car expenses	1,429
Postage & courier expenses	143
Printing & stationery expenses	636
<u>Payment to Auditors</u>	
Audit Fees	300
Tax Audit Fees	70
Other Matters	149
Rates & taxes	173
Rent	3,061
<u>Repair &amp; Maintenance</u>	
Computer	201
Machinery	26
Others	558
Selling & distribution expenses	4,210
<u>Stores spares &amp; packing material consumed</u>	
Opening Stock	284
Add: Purchase during the year	1,490
Less: Closing Stock	(242)
Telephone expenses	707
<b>Total</b>	<b><u>40,385</u></b>
<b>22 <u>EMPLOYEE BENEFITS EXPENSES</u></b>	
Salaries, wages and incentives	14,407
<u>Contribution to funds</u>	
Provident fund & other funds	1,361
Gratuity & Super annuation fund	1,679
Other benefits	178
	3,218
Staff welfare expenses	1,185
<b>Total</b>	<b><u>18,810</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**  
 (Amount in '000)

Particulars	As at March 31, 2016
<b>23 EARNINGS IN FOREIGN EXCHANGE</b>	
Export of Goods calculated on FOB basis	90,516
Expenditure in Foreign currency	234
<b>24 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).	2,708
ii Disputed income tax liabilities contested by the company	8,257
iii Disputed cenvat credit wrong availed liabilities contested by the company	2,238
<b>25</b> Amount of lease rental charged to the Statement of Profit and Loss in respect of premises taken on cancellable operating lease is Rs. 2038('000).	
<b>26 Employee Benefits</b>	
<b>(i) Defined Contribution plans :</b> Company's contribution to Provident Fund is Rs.1081('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, 2016:	
<b>(a) Change showing changes in present value of obligations</b>	
Present value of obligations as at beginning of year	2,981
Interest cost	239
Current Service Cost	206
Benefits Paid	(352)
Actuarial (Gain)/loss on obligations	856
Present value of obligations as at end of year	<u><u>3,930</u></u>
<b>(b) Changes in the fair value of plan assets</b>	
Fair value of plan assets at beginning of year	2,250
Expected return on plan assets	180
Contributions	695
Benefits Paid	(352)
Actuarial Gain/(loss)	50
Fair value of plan assets at end of the year	<u><u>2,823</u></u>
<b>(c) Fair Value of Plan Assets</b>	
Fair value of plan assets at the beginning of year	2,250
Actual return on plan assets	230
Contributions	695
Benefits Paid	(352)
Fair value of plan assets at the end of the year	2,823
Funded status	(1,106)
Excess of Actual over estimated return on plan assets	(50)
(Actual rate of return = Estimated rate of return as ARD falls on March 31st)	
<b>(d) Actuarial Gain/(Loss) recognized</b>	
Actuarial (Gain)/loss for the year - Obligation	856
Actuarial Gain/(Loss) for the year - Plan Assets	(50)
Total (Gain)/Loss for the year	<u><u>805</u></u>
Actuarial (Gain)/Loss unrecognized in the year	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****(Amount in '000)**

Particulars	As at March 31, 2016
<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	3,930
Fair value of plan assets as at the end of the year	2,823
Funded status	-
Net Asset/(Liability) recognized in the balance sheet	(1,106)
<b>(f) Expenses Recognized in Statement of Profit and Loss</b>	
Current service cost	206
Interest Cost	239
Expected return on plan assets	(180)
Net Actuarial (Gain)/Loss recognized in the year	805
Expenses recognized in statement of Profit and loss	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>	
<u>Description</u>	<u>% of Investment</u>
Central Government Securities	22.85
State Government Securities	24.54
Approved marketable government guaranteed securities	1.14
Bonds/Debentures etc.	31.90
Equity Shares	5.08
Preference Shares	0.00
Fixed Deposits and Money Market instruments	14.48
<b>Total</b>	<b>100.00</b>
<b>(h) Assumptions</b>	
Discount Rate (per annum)	8.06%
Expected rate of return on plan assets (per annum)	8.06%
Expected rate of increase in compensation levels (per annum)	6.00%

**27 Earnings Per Share**

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:

**(Amount in '000)**

Particulars	As at March 31, 2016
Net Profit / (loss) for the year after tax (Rs. '000)	3,395
Excess /(Short) provision for tax of earlier Years (Rs. '000)	-
Profit / (Loss) attributable to equity shareholders (Rs. '000)	3,395
Weighted average number of equity shares outstanding during the year	404,045
Basic / Diluted Earnings per share (Rs.)	8.40
Nominal Value per Share (Rs.)	10/-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**  
 (Amount in '000)

**Particulars**
**As at  
March 31, 2016**
**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	Mr. T. R. Kilachand - Executive Chairman Mr. P.T. Kilachand - Managing Director Mr. A.H. Mehta - Dy. Managing Director Ms. K. V. Panchasara - Chief Financial Officer Ms. D.V. Chauhan - Company Secretary and Compliance Officer
2	Entities where the key managerial personnel have significant influence	Ginners & Pressers Limited Rasayani Traders Private Limited Sun Tan Trading Co. Limited Tulsi Global Logistics Private Limited
3	Associate	Gujarat Poly AVX Electronics Limited
4	Control	Kilachand Devchand Foundation

**(b) Details of Transactions:**

(Amount in '000)

	Key Managerial personnel	Entities where the key managerial personnel have significant influence	Associate /Control	Total Amount
<b>Expenses</b>				
<u>Rent</u>				
Ginners & Pressers Limited	-	725	-	725
Gujarat Poly AVX Electronics Limited	-	-	-	-
Tulsi Global Logistics Private Limited	-	(378)	-	(378)
<u>Electricity Charges</u>				
Ginners & Pressers Limited	-	269	-	269
Rasayani Traders Private Limited	-	-	-	-
<u>Donation</u>				
Kilachand Devchand Foundation	-	-	300	300
<u>Remuneration</u>				
P. T. Kilachand	2,641	-	-	2,641
A. H. Mehta	1,696	-	-	1,696
K. V. Panchasara	1,067	-	-	1,067
D. V. Chauhan	390	-	-	390
<u>Directors Sitting Fees</u>				
T. R. Kilachand	15	-	-	15
N. T. Kilachand	12	-	-	12
Devang Vyas	-	-	-	-
<b>Total expenses payable</b>	<b>5,821</b>	<b>616</b>	<b>300</b>	<b>6,736</b>
<b>Reimbursement/(Recovery) of expenses</b>				
Ginners & Pressers Limited	-	(1)	-	(1)
Gujarat Poly AVX Electronics Limited	-	-	(31)	(31)
Sun Tan Trading Co. Limited	-	3	-	3
Tulsi Global Logistics Private Limited	-	(76)	-	(76)
<b>Total reimbursement</b>	<b>-</b>	<b>(74)</b>	<b>(31)</b>	<b>(106)</b>
<b>Interest Received</b>				
Gujarat Poly AVX Electronics Limited	-	-	4,804	4,804
Inter Corporate Deposit	-	-	-	-
Gujarat Poly AVX Electronics Limited	-	-	-	-
Balance outstanding as at year end	-	-	-	-
Gujarat Poly AVX Electronics Limited	-	-	46,226	46,226

**Note:** 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****29 Applicability of the micro and small enterprises development Act, 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, 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	-

**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

Particulars	2016		
	Property Development	Specialty Chemicals	Total
<b>REVENUE</b>			
From External Customer	-	126,340	126,340
Add : Inter Segment Sales	-	-	-
<b>TOTAL REVENUE</b>	-	126,340	126,340
<b>SEGMENT RESULT</b>	-	24,788	24,788
<u>Unallocated income:</u>			
Interest and other income	-	-	9,970
<u>Unallocated expenses:</u>			
Other expenses	-	-	30,125
Interest expense	-	-	-
<b>PROFIT / (LOSS) BEFORE TAX</b>			4,634
Provision for Current tax	-	-	1,200
Provision for Deferred Tax	-	-	(321)
Income tax for earlier years	-	-	360
<b>PROFIT / (LOSS) AFTER TAX</b>			3,395
<b>OTHER INFORMATION</b>			
Segment Assets	16,664	42,504	59,168
Unallocated Corporate Assets	-	-	105,199
<b>Total Assets</b>	-	-	164,367
Segment Liabilities	-	7,694	7,694
Unallocated Corporate Liabilities	-	-	156,673
<b>Total Liabilities</b>			164,367
Additions to Fixed Assets during the year	186	461	647
Depreciation	-	974	974

(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**
**31 Derivative Instruments and unhedged foreign currency exposure**

i) Derivatives outstanding as at the March 31, 2016	
Particulars	2016
Forward Contract to buy currency	GBP 47,700 (Rs.47,29,959/-)
	Euro 26,500 (Rs.20,46,595/-)

ii) Particulars of unhedged foreign currency exposure as at March 31,2016	
Particulars	2016
Export Trade Receivables	GBP 24,516 (Rs.23,27,051/-)
	Euro 500 (Rs.36,450/-)

**32 Unpaid Dividend**

Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd. as on March 31, 2016 for the final dividend declared on July 27, 2015 by Polychem Limited for the year 2015-2016 is Rs.89,415/-.

**33 Disclosures in terms of Schedule III to the Companies Act,2013:**
**(Amount in '000)**

Name of the entity in the Group	Net Assets i.e. Total Assets minus Total Liabilities	Amount (Rs.)	Share in Profit or loss	Amount (Rs.)
	As % of consolidated net assets		As % of consolidated profit or loss	
Parent Polychem Limited	100%	152,455	100%	3,395
Associates Gujarat Poly AVX Electronics Limited	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>152,455</b>	<b>100%</b>	<b>3,395</b>

**34** Since the Company has prepared these Consolidated Financial Statements pursuant to enactment of the Companies Act, 2013 ("the Act") under section 129(3) for the first time, no previous period comparatives have been presented. Similarly in absence of previous period comparatives, preparation of consolidated cash flow statement under indirect method is also not possible and thus has not been prepared.

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

**Signatures to Notes 1 to 35**

As per our attached report of even date

**For G. M. Kapadia & Co.,**  
**Chartered Accountants**  
 (Firm Registration No. 104767W)  
**Yagnesh Mehta**  
 Partner  
 (Membership No. 034275)

Place: Mumbai Dated: May 17, 2016

For and on behalf of the Board

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

Place: Mumbai Dated: May 17, 2016

Chairman (DIN No.: 0006659)  
 Managing Director (DIN No.: 00005516)  
 Dy. Managing Director (DIN No.: 00005523)  
 Chief Financial Officer  
 Company Secretary & Compliance Officer

**Form AOC -1**

(Pursuant to first proviso to sub-section (3) Section 129 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: Subsidiaries : Not Applicable

Part B: Associates & Joint Ventures :

<b>Name of the Associate</b>	
Gujarat Poly AVX Electronics Limited	
1 Latest audited Balance Sheet date	March 31, 2016
2 Shares of Associates	
- Number	2,866,154
- Amount of Investment (Rs. '000)	41,994
- Extent of Holding %	33.52%
3 Description of how there is significant influence	Associate
4 Reason why the associate is not consolidated	Not Applicable
5 Networth attributable to Shareholding as per latest audited Balance Sheet	NIL
6 Profit /(Loss) for the year	
i. Considered in Consolidation	NIL
ii. Not Considered in Consolidation	N.A.

As per our attached report of even date

**For G.M.Kapadia & Co.,**

**Chartered Accountants**

(Firm Registration No. 104767W)

**Yagnesh Mehta**

Partner

(Membership No. 034275)

**Place:** Mumbai **Dated:** May 17, 2016

For and on behalf of the Board

**Tanil R. Kilachand**

**Parthiv T. Kilachand**

**Atul H. Mehta**

**Kanan V. Panchasara**

**Deepali V. Chauhan**

**Place:** Mumbai **Dated:** May 17, 2016

Chairman (DIN No.:0006659)

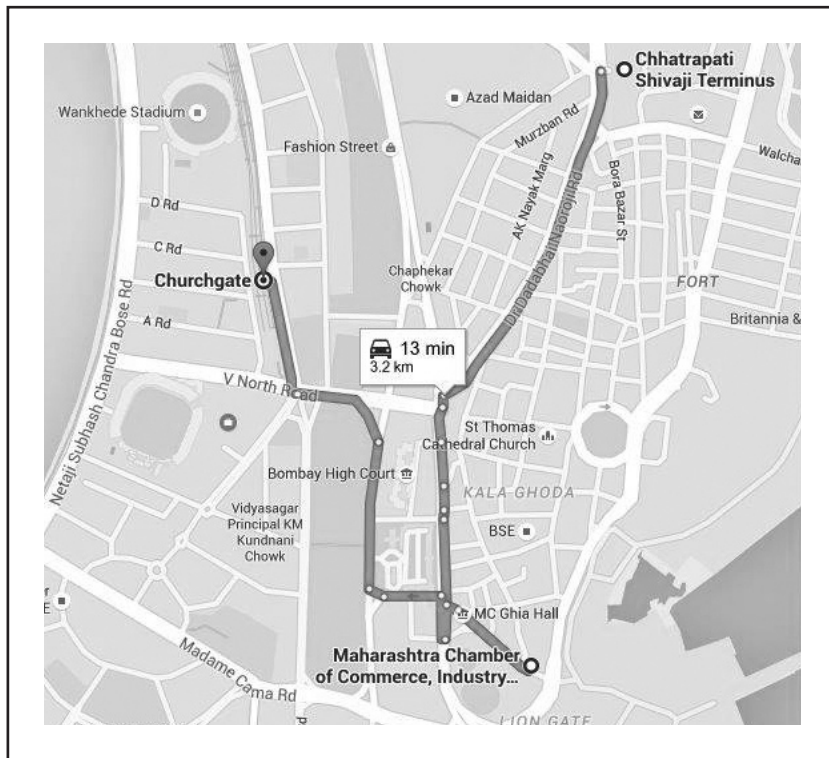
Managing Director (DIN No.:00005516)

Dy. Managing Director (DIN No.:00005523)

Chief Financial Officer

Company Secretary & Compliance Officer

**Route Map to the Venue of the 59<sup>th</sup> Annual General Meeting  
to be held on Wednesday, August 10, 2016.**



**Maharashtra 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 FIFTY NINTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, 10<sup>th</sup> August, 2016 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. A. H. Mehta who retires by rotation		
4.	Appointment of Auditors and Fixing their remuneration		
<b>Special Business</b>			
5.	Shifting of Registers u/s 94 of Companies Act, 2013 to Company's New Registrar		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016. 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.