61st ANNUAL REPORT

2017 2018

POLYCHEM LIMITED

POLYCHEM LIMITED

CIN: L24100MH1955PLC009663

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

BOARD OF DIRECTORS	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. MEHENDALE	(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. NAYAN PARIKH & CO.		Chartered Accountants
REGISTRAR & TRANSFER AGENTS	M/s. LINK INTIME INDIA PVT. LTD C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (W), Mumbai – 400083.		
REGISTERED OFFICE	7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai 400 020.		

WORK

SPECIALTY CHEMICALS
W-91, MIDC Phase II, Sonarpada,
Dombivali (E), 421 203,
Maharashtra, India.

CORPORATE MANAGEMENT TEAM

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

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

Contents:

NOTICE

Notice is hereby given that the Sixty - First Annual General Meeting of the Members of POLYCHEM LIMITED will be held at Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001 on Tuesday, August 28, 2018 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 31st March, 2018, including the audited Standalone Balance Sheet as at 31st March, 2018, 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 31st March, 2018, including the audited Consolidated Balance Sheet as at 31st March, 2018 and the Statement of Consolidated Profit and Loss for the year ended on that date.
2. To appoint a Director in place of Mr. P. T. Kilachand (DIN 00005516), who retires by rotation, and being eligible, offers himself for re-appointment.

Corporate Identification Number (CIN): L24100MH1955PLC009663

By Order of the Board of Directors

Registered Office :
7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.
Dated: 30th May, 2018.

Deepali V. Chauhan
Company Secretary & Compliance Officer

NOTES:

(a) Since there is no Special Business, an Explanatory Statement pursuant to section 102 of the Companies Act, 2013 is not required.

(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) Brief resume of 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 in page 5 .

(f) The Register of Members and the Share Transfer Books will remain closed from Tuesday, 24th July, 2018 to Tuesday, 31st July, 2018 (both days inclusive).

(g) 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 it's Registrar & Share Transfer Agents - Link Intime India Pvt. Ltd.

(h) 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.

(i) 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 and also on website of the respective Stock Exchange.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

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

Sr. No.	**Name & Address of the Stock Exchange**	**Nature of Security as on 31-03-2018**
1.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	4,04,045 Equity Shares of Rs.10/- each.

The Company has paid Annual Listing fees for the year 2018-19 to the above Stock Exchange.

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Company Secretary & Compliance Officer

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

Name of Director	**Mr. P. T. Kilachand**
Director Identification Number	00005516
Age	51 years
Qualification	Sc.B "Electrical Engineering" & A.B. "Engineering & Economics" from Brown University.
Expertise	Project Officer in Polychem Limited from 1st November, 1988, then as Project Executive from 1st October, 1990 and as Executive Assistant to the Managing Director from 2nd July, 1993. He has been actively involved and looking after all aspects of various activities of the Company. He was appointed as a Director from December 1996 to 31st March, 1997. From 1st April, 1997 he was appointed as a Whole-time Director. His designation has been changed from Whole-time Director to Managing Director with effect from 27th July, 2012 since then he was re-appointed as Managing Director twice.
Other Directorship as on 31st March, 2018 (Excluding Private Companies)	1. Gujarat Poly Electronics Limited 2. Ginners & Pressers Limited 3. Sun Tan Trading Company Limited 4. J. K. Investors (Bombay) Limited
No. of Equity Shares held	2,127
Relationship with other Directors	Mr. Tanil R. Kilachand, Chairman of the Company is the father and Mr. Nandish T. Kilachand, Director of the Company is the brother of Mr. P. T. Kilachand.

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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 Friday, 24th August, 2018 (9:00 am) and ends on Monday, 27th August, 2018 (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 Tuesday, 21st August 2018, 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 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 with a copy marked to 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 Participant(s) or requesting physical copy] :

(i) Initial password is provided as below at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com 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 21st August, 2018.

X. Any person, who acquires shares of the Company and become member of the Company after 23rd July, 2018 i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. 21st August,2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or 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 48 hours 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 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 Sixty - First Annual Report and Statement of Accounts for the year ended 31st March, 2018.

FINANCIAL RESULTS (Rs in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended on		Year ended on	
	31-03-18	31-03-17	31-03-18	31-03-17
Sales	1,674.46	1,613.11	3,123.40	2,847.37
Profit/(Loss) before tax	(10.38)	63.62	56.14	59.20
Current tax (for the year)	--	10.00	--	10.00
Current tax (relating to previous year)	0.76	(25.85)	0.76	(25.85)
Deferred tax	2.71	(3.44)	2.71	(3.44)
Profit/(Loss) after tax	(13.85)	82.91	52.67	78.50
Other Comprehensive Income				
Re-measurement of the defined benefit plans (net of tax)	(2.16)	(5.73)	(0.07)	(9.99)
Total Comprehensive Income for the period	(16.01)	77.18	52.60	68.51

1. **DIVIDEND:**

During the year, the Company has incurred a loss of Rs. (13.85) lakhs, Due to which, your Directors have not been able to recommend any dividend for the year 2017-18.

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

During the year ended 31st March, 2018, your Company has incurred a loss of Rs (13.85) lakhs against profit of Rs. 82.91 lakhs after tax in previous year. The sales of Specialty Chemicals during the year ended was Rs. 1,674.46 lakhs compared to Rs.1,613.11 lakhs during the previous year and for property development Rs. Nil during the current and previous year.

3. **SUBSIDIARY COMPANY:**

The Company has one subsidiary company i.e. Gujarat Poly Electronics Limited (GPEL) (Formerly Known as Gujarat Poly-AVX Electronics Limited).

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

The sale of GPEL during the year ended 31st March, 2018 was Rs. 1,441.21 lakhs as against sale of Rs. 1,225.44 lakhs in the previous year. GPEL has made profit of Rs. 66.53 lakhs during the current year as compared to loss of Rs. (4.43) lakhs in the previous year. GPEL manufactures as wells as outsources ceramic capacitors & marketing the same.

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

During the year 2017-18, four Board Meetings were held on the following dates:

(a) 30th May, 2017; (b) 24th August, 2017;

(c) 6th December, 2017; and (d) 5th February, 2018

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

5. AUDIT COMMITTEE:

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

6. NOMINATION AND REMUNERATION COMMITTEE:

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

7. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

There was no reporting made by any employee for violations of applicable laws and regulations and the Code of Conduct for the F.Y. 2017-18.

8. DIRECTORS' RESPONSIBILITY:

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

a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the year ended 31st March, 2018;

c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The annual accounts have been prepared on a going concern basis;

e. The directors have laid down internal financial controls to be followed by the company;

f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws.

9. TAXATION:

The Company's Income Tax assessments have been completed up to the year ended 31st March, 2016

10. DEPOSITS:

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

11. INDUSTRIAL RELATIONS:

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

12. CONSERVATION OF ENERGY:

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

13. DIRECTORS:

Mr. P. T. Kilachand retires from Office by rotation, but being eligible, offers himself for re-appointment.

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

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

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

15. DISCLOSURE OF REMUNERATION RECEIVED BY MANAGING DIRECTOR OF THE COMPANY FROM ITS SUBSIDIARY / HOLDING COMPANY UNDER SECTION 197(14):

During the year 2017-18, Mr. A. H. Mehta, Dy. Managing Director of the Company has received Rs 2,172,205/- excluding retiral benefits from Gujarat Poly Electronics Limited, subsidiary company in capacity of Managing Director.

16. 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.

17. 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

18. RELATED PARTY TRANSACTIONS:

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

The Company has an ongoing loan of Rs.446 lakhs to Gujarat Poly Electronics Ltd at the rate of 10.5% p.a., outstanding loan as on 31st March 2018 is 442.44 lakhs. There are no contracts or arrangements under sub-section (1) of Section 188.

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

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

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

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

There is an ongoing loan of Rs.446 lakhs given to Gujarat Poly Electronics Ltd at the rate of 10.5% p.a., outstanding loan as on 31st March 2018 is 442.44 lakhs. During the year, the Company has given loan to its contract manufacturers, Rs 4,00,000/- to Aakar Rasayan Pvt Ltd at the rate of 9% p.a. and Rs. 8,00,000/- to Dreamland Dyes Pvt Ltd at the rate of 11% p.a.

20. DONATION:

During the year, the Company has given donation of Rs 3,000/- to the charitable trust.

21. CORPORATE SOCIAL RESPONSIBILITY:

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

22. INTERNAL FINANCIAL CONTROL:

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

23. RISK MANAGEMENT POLICY:

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

24. 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.

25. 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 made thereunder. The policy is uploaded and can be viewed on the Company's website http://www.polychemltd.com/Download/AntiSexual%20Harassement%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.

26. 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 8.65 and 5.87 respectively.

ii. Increase in remuneration of Mr. P. T. Kilachand, Managing Director is 16.21%, Mr. A. H. Mehta, Dy. Managing Director is 7.65%, Ms. K. V. Panchasara, Chief Financial officer is 7.91% and Ms. D. V. Chauhan, Company Secretary and Compliance Officer is 7.91%

iii. There is an increase of 3.91 % in the median remuneration of employees in the financial year.

iv. There are 23 permanent employees in the company.

v. There is an increase of 13.07 % in Company's Performance for the year considering the revenue from the operations and the average increase in the remuneration of the Company is 6.77 % for the year.

vi. During the financial year 2017-18, remuneration to Key Managerial Personnel is Rs. 7,176,729/- as against the Company's performance is Rs 158,898,012/- – remuneration to performance ratio comes to 4.52 %.

vii. There is a decrease in Market Capitalisation and the Price earnings ratio of the Company is negative. Market capitalisation for current year is Rs 142,526,874/- and for Previous year it was Rs 172,688,833/-. Price earning ratio for current financial year is negative, whereas for the previous financial year it was 20.82 times.

viii. Average increase in the salaries of employees other than the managerial personnel was 4.01 %.

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

Key Managerial Personnel	Remuneration (Rs)	Performance of the Company (Rs)	% of remuneration against the performance of the company
Mr. P. T. Kilachand	3,096,357	158,898,012	1.95
Mr. A. H. Mehta	2,098,796	158,898,012	1.32
Ms. K. V. Panchasara	1,480,331	158,898,012	0.93
Ms. D. V. Chauhan	501,245	158,898,012	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.

27. CORPORATE GOVERNANCE:

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

28. AUDITOR:

M/s. Nayan Parikh & Co., Mumbai, bearing registration number 107023W, Chartered Accountants, was appointed as statutory auditor of the Company at the 60th Annual General Meeting (AGM) held on 24th August, 2017 to hold office for a term of 5 years upto the conclusion of 65th AGM of the Company.

29. SECRETARIAL AUDITOR:

Complying with the provisions of Section 204 of the Companies Act, 2013, the Audit Committee has recommended and the Board of Directors have appointed M/s.Ragini Chokshi & Co., Company Secretaries, (Membership No. 2390 & C.P. No.1436), being eligible and having sought re-appointment, as Secretarial Auditor of the Company to carry out the Secretarial Audit of the Company for the year ending March 2019.

The Secretarial Audit Report for F.Y. 2017-18 is enclosed and marked as **Annexure III.**

30. 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

TANIL KILACHAND
Chairman

Registered Office :
7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.
Dated : 30th May, 2018.

ANNEXURE I

A. CONSERVATION OF ENERGY:

--------------- NIL ---------------

POWER AND FUEL CONSUMPTION	**2017-18**	2016-17
Electricity		
Purchased units (Kwh)	**16,159**	14,886
Total Amount (Rs.)	**180,780**	1,71,012
Rate (Kwh)	**11.19**	11.49

B. TECHNOLOGY ABSORPTION:

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

I. Research and Development

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

Currently our focus in R&D is to develop a cross linked polystyrene with bigger particle size distribution for use of Oil field application. The trials are in progress. Our present consultant is assisting in the trials.

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

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

3. Future plan of action:

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

4. Expenditure on R&D:

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

II. 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.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (Rs. in lakhs)

	Current Year	Previous Year
a) Foreign exchange outgo	**0.61**	3.79
b) Foreign exchange earned (FOB Value)	**1,026.20**	1014.10

ANNEXURE II

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24100MH1955PLC009663
2.	Registration Date	24th 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; Fax No. 022-22850606; Email ID: polychemltd@kilachand.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Link Intime India Pvt Ltd, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083. Tel No.: 022-49816000, Fax No. 022-49186060 Email: 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)

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

III. Particulars of Holding, Subsidiary and Associate Companies -

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

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(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	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**210,465**	**-**	**210,465**	**52.09**	**210,465**	**-**	**210,465**	**52.09**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	162	162	0.04	-	162	162	0.04	-
b) Banks / FI	432	572	1,004	0.25	432	572	1,004	0.25	-
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) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
1. SHCIL Ltd	-	687	687	0.17	-	687	687	0.17	-
2. SBI Capital Markets Ltd.	-	2	2	0.00	-	2	2	0.00	-
Sub-total (B)(1):-	**15,961**	**1,425**	**17,386**	**4.30**	**15,961**	**1,425**	**17,386**	**4.30**	**-**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	9,690	-	9,690	2.40	10,111	-	10,111	2.50	0.1
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	105,908	50,153	156,061	38.62	106,767	49,446	156,213	38.66	0.04
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Directors other than promoters and their Relatives	30	-	30	0.01	30	-	30	0.01	-
Non Resident Indians	412	141	553	0.14	491	141	632	0.16	0.02
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
HUF	9458	-	9458	2.34	8,785	-	8,785	2.17	(0.17)
Clearing Members	206	-	206	0.05	227	-	227	0.06	0.01
Trusts	196	-	196	0.05	196	-	196	0.05	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**125,900**	**50,294**	**176,194**	**43.61**	**126,607**	**49,587**	**176,194**	**43.61**	**-**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**141,861**	**51,719**	**193,580**	**47.91**	**142,568**	**51,012**	**193,580**	**47.91**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**352,326**	**51,719**	**404,045**	**100**	**353,033**	**51,012**	**404,045**	**100**	**-**

B) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-17)			Shareholding at the end of the year (31-03-18)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Mr. Parthiv T. Kilachand	2,127	0.53	-	2,127	0.53	-	-
2	Mr. Tanil R. Kilachand	1,938	0.48	-	1,938	0.48	-	-
3	Mr. Nandish T. Kilachand	1,335	0.33	-	1,335	0.33	-	-
4	Ms. Nilima T. Kilachand	1,013	0.25	-	1,013	0.25	-	-
5	Virsun Invst Pvt Ltd	80,802	19.99	-	80,802	19.99	-	-
6	Highclass Trading Pvt Ltd	39,842	9.86	-	39,842	9.86	-	-
7	Ginners & Pressers Ltd	13,996	3.46	-	13,996	3.46	-	-
8	Masuma Tradecorp Pvt Ltd	59,987	14.85	-	59,987	14.85	-	-
9	Delmar Trading Co. Pvt Ltd	9,425	2.33	-	9,425	2.33	-	-
	Total	**2,10,465**	**52.09**	-	**2,10,465**	**52.09**		**-**

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

Sr. No.	Promoters	No. of shares at the beginning (01-04-17)/ end of the year (31-03-18)	% of total shares of the Company	Date	Increase/ Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
							No. of shares	% of total shares of the Company
No Change during the year								

D) Shareholding Pattern of top ten Shareholders as on 31st March, 2018 (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	No. of Shares at the beginning (01-04-17)/ end of the year (31-03-18)	% of total shares of the company	Date	Increase / Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
							No. of shares	% of total shares of the company
1.	Life Insurance Corporation of India	15,529	3.84	01-04-17	0	No change during the year		
		15,529	**3.84**	**31-03-18**	0			
2.	A. K. Gupta	10,000	2.47	01-04-17	0	No change during the year		
		10,000	**2.47**	**31-03-18**	0			
3.	Samaj Projects Pvt Ltd	7,852	1.94	01-04-17	0	No change during the year		
		7,852	**1.94**	**31-03-18**	0			
4.	Renu Gupta	7,351	1.82	01-04-17	0	No change during the year		
		7,351	**1.82**	**31-03-18**	0			
5.	Sudhir Ghanshyamdas Khandelwal	5,500	1.36	01-04-17	0	No change during the year		
		5,500	**1.36**	**31-03-18**	0			
6.	Hitesh Ramji Javeri	4,060	1.00	01-04-17				
				09-06-17	184	bought	4,300	1.06
				16-06-17	30	bought	4,330	1.07
				28-07-17	26	bought	4,356	1.08
				03-11-17	900	bought	5,200	1.29
		5,200	**1.29**	**31-03-18**				
7.	Harsha Hitesh Javeri	4,079	0.01	01-04-17				
				28.07.17	21	bought	4,100	1.01
		4,100	**1.01**	**31-03-18**				
8.	Yogendra Kumar Goyal	4,000	0.99	01-04-17	0	No change during the year		
		4,000	**0.99**	**31-03-18**	0			
9.	Mohinder Awasthi	3,403	0.84	01-04-17	0	No change during the year		
		3,403	**0.84**	**31-03-18**	0			
10.	Mitali Hitesh Javeri	3,150	0.78	01-04-17	0	No change during the year		
		3,150	**0.78**	**31-03-18**	0			

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	No. of shares at the beginning (01-04-17)/ end of the year (31-03-18)	% of total shares of the Company	Date	Increase / Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
							No. of shares	% of total shares of the Company
	Directors							
1	Mr. P. T. Kilachand	2,127	0.53	01-04-17	0	No change during the year		
		2,127	**0.53**	**31-03-18**	0			
2	Mr. T. R. Kilachand	1,938	0.48	01-04-17	0	No change during the year		
		1,938	**0.48**	**31-03-18**	0			
3	Mr. N. T. Kilachand	1,335	0.33	01-04-17	0	No change during the year		
		1,335	**0.33**	**31-03-18**	0			
4	Mr. A. H. Mehta	05	0.00	01-04-17	0	No change during the year		
		05	**0.00**	**31-03-18**	0			
5	Mr. V. V. Sahasrabudhe	Do not hold any shares in the Company						
6	Mr. C. R. Desai	Do not hold any shares in the Company						
7	Ms. N. S. Mehendale	Do not hold any shares in the Company						
8	Mr. Y. S. Mathur	Do not hold any shares in the Company						
	KMPs							
9	Ms. K. V. Panchasara	Do not hold any shares in the Company						
10	Ms. D. V. Chauhan	Do not hold any shares in the Company						

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

The company has not availed any loan during the year and is a debt free company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		P. T. Kilachand - MD	**A. H. Mehta – Dy. MD**	
1	Gross salary	*3,096,357	*2,098,796	5,195,153
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,228,366	1,991,096	4,219,462
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	867,991	107,700	975,691
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	- -	-	-
4	Commission - as % of profit - others, specify…	- -	- -	- -
5	Others, please specify	-	-	-
	Total (A)	**3,096,357**	**2,098,796**	**5,195,153**
	Ceiling as per the Act			16,800,000

* Excluding Provident Fund and Superannuation Fund

B. Remuneration to other directors (in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		V. V. Sahasrabudhe	**C. R. Desai**	**N. S. Mehendale**	**Y. S. Mathur**	**N. T. Kilachand**	**T. R. Kilachand**	
		Independent Directors						
1	**Independent Directors**							
	Fee for attending board & committee meetings	18,000	18,000	12,000	18,000	-	-	66,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	18,000	18,000	12,000	18,000	-	-	**66,000**
2	**Other Non-Executive Directors**							
	Fee for attending board committee meetings	-	-	-	-	9,000	12,000	21,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	9,000	12,000	**21,000**
	Total (B)=(1+2)	**18,000**	**18,000**	**12,000**	**18,000**	**9,000**	**12,000**	**87,000**
	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)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Deepali V. Chauhan	**Kanan V. Panchasara**	**Total**
		CS	**CFO**	
1	Gross salary	*501,245	*1,480,331	1,981,576
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	501,245	1,480,331	1,981,576
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify…	-	-	-
5	Others, please specify	-	-	-
	Total	**501,245**	**1,480,331**	**1,981,576**

***Excluding Provident Fund**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No such Penalties or Punishment or Compounding of offence was there during the Financial Year 2017-18 under Companies Act, 2013.

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE PERIOD 01-04-2017 TO 31-03-2018

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.

Based on our verification of the **POLYCHEM LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period **1st April, 2017 to 31st March, 2018** ("the reporting period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period of 1st April, 2017 to 31st March, 2018 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; **(Not Applicable during the Audit Period).**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable 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 as the Company did not have any scheme for its employees during the Audit Period under review)**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable as the Company has not issued any debt securities during the Audit Period under review)**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the companies act and dealing with client; **(Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the Audit Period under review)**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable as the Company has not delisted its equity shares from any stock exchange during the Audit Period under review)**

h. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2009. **(Not Applicable as the Company has not bought back any of its securities during the Audit Period under review)**

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

(vii) 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 Listing Agreement entered into by the Company with Stock Exchanges as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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.

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

Place: Mumbai
Date: 7th May 2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Overview:

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

Opportunities:

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

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

Threats:

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

We have direct threat from two competitors for Cross Linked Polystyrene.

Risks & concerns:

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

Outlook:

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

Financial Performance:

1) Share Capital:

   The issued and paid-up share capital of the Company is Rs. 40.40 lakhs consisting of 4,04,045 equity shares of Rs. 10/- each as on 31st March, 2018.

2) Reserves and Surplus:

   As on 31st March, 2018 the reserves and surplus are Rs 1,685.70 lakhs.

3) Secured Loans:

   There are no secured loans outstanding as on 31st March, 2018.

4) Results of Operation:

   Revenue for the current year including other income amounts to Rs. 1,758.67 lakhs compared to Rs. 1,758.95 lakhs in the previous year. Profit/(Loss) before tax is Rs.(10.38) Lakhs compared to Profit before tax of Rs. 63.62 Lakhs during the previous year. Provisions for tax including deferred tax asset during the year is Rs.3.47 Lakhs compared to Rs. (19.29) Lakhs during the previous year. Profit/ (Loss) after tax amounts to Rs. (13.85) Lakhs during the year compared to profit of Rs. 82.91 Lakhs during the previous year.

Industry Structure & Development:

Our Company is manufacturing and selling Specialty Chemicals.

Segment wise Performance:

There are two income generating segments. Segment-wise revenue for the year ended 31st March, 2018 is as follows. viz. (1) Property / Land Rs. NIL (2) Specialty Chemicals Rs. 1,674.46 Lakhs. The sale of Specialty Chemicals has shown reasonable growth.

Internal Control System:

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

Human Resources:

The Company has good relation with its employees.

CORPORATE GOVERNANCE REPORT (2017-2018)

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 and ensuring high degree of regulatory compliances.

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

II. Board of Directors:

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

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

1. Financial year April 17 to March 18:

	Attendance Particulars					No. of other Directorships and Committee Membership/ Chairmanship	
Name of the Director	Category	No. of Board Meetings held	No. of Meetings Attended	Last AGM held on 24/08/2017	Sitting Fees paid (Rs.)	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T. R. Kilachand	NEC(P)	4	4	Yes	12000	2	2 Committee Membership & 1 Chairmanship
Mr. P. T. Kilachand	MD(P)	4	4	Yes	--	4	2 Committee Membership
Mr. V. V. Sahasrabudhe	NED(I)	4	3	Yes	9000	--	--
Mr. C. R. Desai	NED(I)	4	3	Yes	9000	1	--
Mr. N. T. Kilachand	NED(P)	4	3	Yes	9000	2	--
Mr. A. H. Mehta	Dy.MD	4	4	Yes	--	3	--
Ms. N. S. Mehendale	NED(I)	4	4	Yes	12,000	--	--
Mr. Y. S. Mathur	NED(I)	4	3	No	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 2017-18, four Board meetings were held on the following dates:

(a) 30th May, 2017 (b) 24th August, 2017

(c) 6th December, 2017 and; (d) 5th February, 2018

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 Directors:

As stipulated by the code of Independent Directors under the Companies Act, 2013 and under regulation 25(3) of SEBI (LODR) Regulations, 2015, a separate meeting of the Independent directors of the company was held on 5th February, 2018 to review the performance of Non - Independent Directors and the Board as a whole, review of the performance of the Chairperson of the Company, assessment of the quality, quantity and timeliness of the flow of information between the Company's Management and the Board and its committees.

Name of the Director	Member	No. of Meeting/s	
		held	attended
Mr. V. V. Sahasrabudhe	Chairman	1	0
Mr. C. R. Desai	Member	1	1
Mr. Y. S. Mathur	Member	1	1
Ms. N. S. Mehendale	Member	1	1

5. Evaluation of Independent Directors and Boards Performance:

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

6. Familiarization Program:

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

http://www.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 Sixty – first Annual General Meeting of the Company.

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

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

9. Code of Conduct

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

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

Declaration

As provided under Regulation 26 (3) of SEBI (LODR) Regulations, 2015, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2018.

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

III. Audit Committee:

(A) Terms of reference of the Audit Committee are:

(i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

(ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;

(iii) examination of the financial statements and the auditors' report thereon;

(iv) approval or any subsequent modification of transactions of the company with related parties;

(v) scrutiny of inter-corporate loans and investments;

(vi) valuation of undertakings or assets of the company, wherever it is necessary;

(vii) evaluation of internal financial controls and risk management systems;

(viii) monitoring the end use of funds raised through public offers and related matters.

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

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

During the year 2017-18, four meetings of the Audit Committee were held on the following dates:

(a) 30th May, 2017, (b) 24th August, 2017,

(c) 6th December, 2017 and (d) 5th February, 2018.

Name of the Director	Category	No. of Meeting/s		Sitting Fees paid (Rs.)
		held	attended	
Mr. V. V. Sahasrabudhe	Chairman	4	3	9000/-
Mr. P. T. Kilachand	Member	4	4	-
Mr. C. R. Desai	Member	4	3	9000/-
Mr. Y. S. Mathur	Member	4	3	9000/-

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

The Company Secretary acts as the Secretary to the Committee.

(C) Review of information by Audit Committee:

The Audit Committee shall mandatorily review the following information:

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

IV. Nomination and Remuneration Committee :

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

(A) Terms of Reference of Nomination and Remuneration Committee :

The Committee is empowered –

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

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

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

During the year 2017-18, two meetings of the Nomination and Remuneration Committee was held on following dates

(a) 30th May, 2017 (b) 5th February, 2018

Name of the Director	Category	No. of Meeting/s	
		held	attended
Mr. V. V. Sahasrabudhe	Chairman	2	1
Mr. C. R. Desai	Member	2	2
Mr. Y. S. Mathur	Member	2	2

(C) Remuneration Policy and Details of Remuneration:

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

http://www.polychemltd.com/download/Criteria%20for%20Appointment%20&%20Evaluation%20of%20Board%20of%20Directors_14.pdf

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

Sr. No	Name of Director	Salary	Perquisites and allowances	Commission	Bonus/ Incentives	Stock options granted	Sitting Fees	Total
1	Mr. T. R. Kilachand	NIL	NIL	NIL	NIL	NIL	12,000	12,000
2	Mr. P. T. Kilachand	2,228,366	867,991	NIL	NIL	NIL	NIL	3,096,357
3	Mr. A. H. Mehta	1,991,096	107,700	NIL	NIL	NIL	NIL	2,098,796
4	Mr. N. T. Kilachand	NIL	NIL	NIL	NIL	NIL	9,000	9,000
5	Mr. V. V. Sahasrabudhe	NIL	NIL	NIL	NIL	NIL	18,000	18,000
6	Mr. C. R. Desai	NIL	NIL	NIL	NIL	NIL	18,000	18,000
7	Ms. N.S. Mehendale	NIL	NIL	NIL	NIL	NIL	12,000	12,000
8	Mr. Y. S. Mathur	NIL	NIL	NIL	NIL	NIL	18,000	18,000

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

V. Stakeholders Relationship Committee:

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

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

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

Sr. No.	Name of the Director	Category	No. of Meeting/s	
			held	attended
1.	Mr. V. V. Sahasrabudhe	Chairman	7	7
2.	Mr. T. R. Kilachand	Member	7	7
3.	Mr. P. T. Kilachand	Member	7	6

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

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

2 complaints were received during the year ended on 31st March, 2018 which were disposed off within time limit and no complaints were pending as on 31st March, 2018.

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
2014-2015	58th AGM held on Tuesday, 27th July, 2015 at 11.00 a.m	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubhash Marg, Mumbai - 400 001.	Yes
2015-2016	59th AGM held on Tuesday, 10th August, 2016 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	Yes
2016-2017	60th AGM held on Thursday, 24th August, 2017 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	Yes

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

VII. Disclosure:

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

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

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

   The details of transactions of the company with the related parties have been disclosed as Note No. 4.10 of the Notes on Accounts.

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

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

3. **Whistle Blower Mechanism:**

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

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

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

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

5. **Web Link of Policies:**

a) The Company has framed a Policy on Related Party transaction, the weblink for the same is

http://www.polychemltd.com/download/Related%20Party%20Transaction%20Policy_14.pdf.

b) The Company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities are not required.

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

VIII. CEO/CFO Certification:

Mr. A. H. Mehta, Dy. Managing Director and Ms. K. V. Panchasara, Manager, Finance and Taxation & CFO, of the Company have 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 changes in accounting policies during the year on account of Ind AS adoption 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 31st March, 2018 does not contain any qualification.
   (b) Secretarial Audit Report for the year ended 31st March, 2018 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 one English Newspaper i.e The Free press Journal and in one Regional language newspaper i.e Navshakti times. Results of 4th quarter i.e Quarter ended 31st March, 2018 has been uploaded on the website of the company i.e www.polychemltd.com

XI. General Shareholder Information:

AGM: Date **Time** **Venue**	28th August, 2018. 11 a.m. Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.
Financial Year	April 2017 to March 2018
e-voting period	From 9.00 a.m, 24th August, 2018 to 5 p.m, 27th August, 2018.
Cut-off date for e-voting	21st August, 2018
Dates of Book Closure	Tuesday 24th July, 2018 to Tuesday 31st July, 2018 (both days inclusive)
Listing on Stock Exchange	Bombay Stock Exchange Ltd. Mumbai
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 752B01024
Stock Code	Mumbai 506605
Market price Data: High, Low during each Month in the financial year 2017-18	See Table No. 1 below
Registrar and Share Transfer Agents	M/s. LINK Intime India Pvt Ltd. C 101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai 400 083. Telephone : +91 022 49186000 Fax : +91 022 49186060 Email : rnt.helpdesk@linkintime. co.in Website : www.linkintime.co.in
Share Transfer System	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.
Distribution of shareholding & Category-wise distribution	See table No. 2 & 3
De-materialization of shares and liquidity	See table No. 4
Plant Location	**SPECIALTY CHEMICALS** W91, MIDC Phase II, Sonarpada, Dombivali (E) 421 202.
Address for correspondence	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 2017-2018:

Month	High(Rs.)	Low(Rs.)	Total No. of shares traded.
April - 2017	450.00	395.10	1,516
May - 2017	479.70	390.00	1,498
June - 2017	439.95	376.10	819
July - 2017	462.00	400.00	3,233
August - 2017	450.95	386.55	1,518
September - 2017	430.00	372.55	1,663
October - 2017	446.00	369.00	5,179
November - 2017	467.95	388.00	2,008
December - 2017	489.00	370.00	2,088
January - 2018	493.90	395.00	2,446
February - 2018	454.65	345.05	2,803
March - 2018	437.60	348.00	4,017

Table 2 - Distribution of shareholding as on 31-3-2018

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 500	102,804	25.44	10,066	99.56
501 to 1000	9,726	2.41	14	0.14
1001 to 2000	15,428	3.82	12	0.12
2001 to 3000	8,301	2.06	3	0.03
3001 to 4000	10,553	2.61	3	0.03
4001 to 5000	9,100	2.25	2	0.02
5001 to 10000	37,977	9.40	5	0.05
10001 and above	210,156	52.01	5	0.05
Total	**4,04,045**	**100.00**	**10,110**	**100.00**

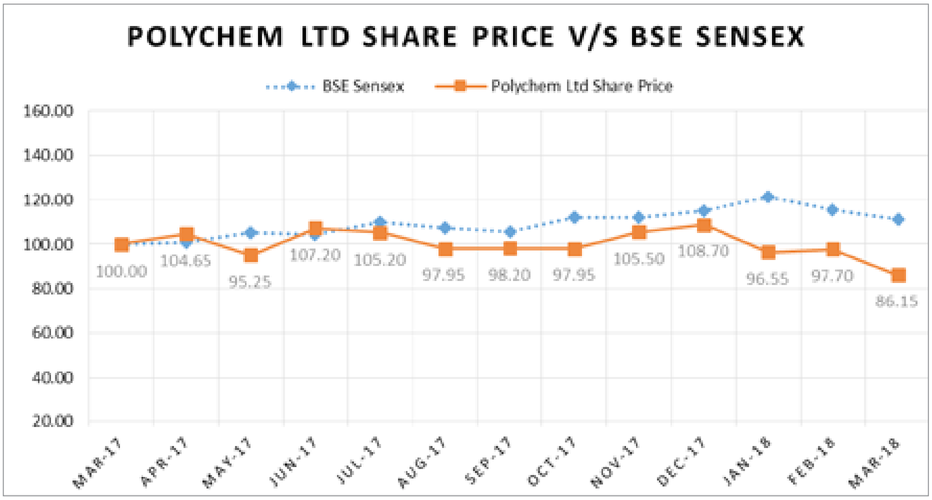
Table 3 - Category wise distribution of shareholding as on 31-03-2018

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	9	2,10,465	52.09
2.	Institutions			
	a. Mutual Funds/UTI	1	162	0.04
	b. Banks / FI	14	1,004	0.25
	c. Insurance Companies	2	15,531	3.84
	d. Others	4	689	0.17
3.	Non- Institutions			
	a. Bodies Corporate	48	10,111	2.50
	b. NRI	44	632	0.16
	c. HUF	49	8,785	2.17
	d. Clearing Members	13	227	0.06
	e. Trusts	6	196	0.05
4.	Directors other than promoters and their relatives	2	30	0.01
5.	Resident Individuals	9,918	1,56,213	38.66
	Total	**10,110**	**404,045**	**100**

Table 4 - Break-up of shares in physical & electronic mode as on 31-03-2018

Mode	No of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	7,556	74.74	51,012	12.63
Electronic	2,554	25.26	353,033	87.37
Total	10,110	100.00	404,045	100.00

Performance in comparison to BSE Sensex



Closing value of Polychem Ltd share price v/s BSE sensex on the last trading day of the month Base is considered to be 100 as on 31st March 2017

To the Members
Polychem Limited

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with our terms of engagement with Polychem Limited ('the Company')

2. We have examined the compliance of conditions of Corporate Governance by the Company, for the financial year ended on March 31 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D & E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

MANAGEMENT'S RESPONSIBILITY

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with conditions of Corporate Governance stipulated in the SEBI Listing Regulations.

AUDITOR'S RESPONSIBILITY

4. 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out the examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2018.

9. 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 Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W

K. Y. Narayan
Partner
Membership No.: 060639

Place: Mumbai
Dated: May 30, 2018

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, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the relevant rules issued thereunder.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2018, and it's loss (including other comprehensive income) and it's cash flows and the changes in equity 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, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate report in "Annexure B"; and

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

   i. the Company has disclosed the impact of pending litigations on it's financial position in it's standalone financial statements. – Refer Note no. 4.02 to the standalone financial statements.

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

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

For NAYAN PARIKH & CO.
Chartered Accountants
Firm Registration No.107023W

K. Y. NARAYANA
Partner
Membership No. 060639

Place: Mumbai
Date: May 30, 2018

"ANNEXURE A" – TO THE AUDITOR'S REPORT

"Annexure A" - referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report on even date, to the members of the Company on the standalone financial statements for the year ended March 31, 2018

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant & equipment;

(b) All the property, plant & equipment have been physically verified by the management during the year according to a phased programme as designed by the management. This, in our opinion, is reasonable having regard to the size of the Company and nature of it's assets. We have been further informed that 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. The inventories have been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable. The procedures of physical verification, in our opinion, are reasonable and adequate in relation to size of the Company and nature of it's 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, goods & service 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, 2018 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, goods & service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as on March 31, 2018;

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 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 it's 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 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 standalone 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 NAYAN PARIKH & CO.
Chartered Accountants
Firm Registration No.107023W

K. Y. NARAYANA
Partner
Membership No. 060639

Place: Mumbai
Date: May 30, 2018

"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 with reference to financial statement of **POLYCHEM LIMITED** ("the Company") as of March 31, 2018 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 with reference to financial statement 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 it's 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 with reference to financial statement based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statement 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 with reference to financial statement and their operating effectiveness. Our audit of internal financial controls with reference to financial statement included obtaining an understanding of internal financial controls with reference to financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to Financial Statement

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statement

Because of the inherent limitations of internal financial controls with reference to financial statement, 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 with reference to financial statement to future periods are subject to the risk that the internal financial control with reference to financial statement 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 with reference to financial statement and such internal financial controls with reference to financial statement were operating effectively as at March 31, 2018 based on the internal control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statement issued by the ICAI.

For NAYAN PARIKH & CO.
Chartered Accountants
Firm Registration No.107023W

K. Y. NARAYANA
Partner
Membership No. 060639

Place: Mumbai
Date: May 30, 2018

STANDALONE BALANCE SHEET AS AT MARCH 31, 2018

All amounts are in '000 unless otherwise stated

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current Assets				
Property, plant and equipment	2.01	5,271	3,944	5,001
Other Intangible assets	2.02	132	249	387
Financial assets				
Investments	2.03	42,282	40,478	37,318
Loans	2.04	435	379	789
Other financial assets	2.05	1,187	3,281	3,251
Deferred tax assets (Net)	2.06	1,154	1,470	1,242
Other non-current assets	2.07	5,868	7,907	4,683
Total non-current assets		**56,329**	**57,708**	**52,671**
Current Assets				
Inventories	2.08	21,977	21,573	22,056
Financial Assets				
Trade receivables	2.09	32,426	23,781	23,643
Cash and cash equivalents	2.10	12,613	8,784	8,368
Bank balances other than cash and cash equivalents	2.11	16,026	19,027	17,025
Loans	2.04	45,002	50,182	47,576
Other financial assets	2.05	118	389	441
Current tax assets (Net)	2.12	1,653	2,252	6,143
Other current assets	2.07	4,700	7,518	1,842
Total current assets		**134,516**	**133,506**	**127,094**
Total assets		**190,845**	**191,214**	**179,765**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	2.13	4,040	4,040	4,040
Other Equity	2.14	168,531	171,348	165,029
Total equity		**172,571**	**175,388**	**169,069**
Liabilities				
Current Liabilities				
Financial Liabilities				
Trade payables	2.15	13,238	9,546	7,257
Other financial liabilities	2.16	1,489	2,802	1,378
Other current liabilities	2.17	3,476	3,394	1,914
Provisions	2.18	70	84	147
Total current liabilities		**18,274**	**15,826**	**10,696**
Total equity and liabilities		**190,845**	**191,214**	**179,765**
Summary of significant accounting policies	1.00			

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date	For and on behalf of the Board of Directors	
For Nayan Parikh & Co.	**Tanil R. Kilachand**	Chairman (DIN No.: 00006659)
Chartered Accountants	**Parthiv T. Kilachand**	Managing Director (DIN No.: 00005516)
Firm Registration No.: 107023W	**Atul H. Mehta**	Dy. Managing Director (DIN No.: 00005523)
K.Y.Narayana	**Kanan V. Panchasara**	Chief Financial Officer
Partner	**Deepali V. Chauhan**	Company Secretary & Compliance Officer
Membership No.: 060639		

Place: Mumbai **Date:** May 30, 2018

Place: Mumbai **Date:** May 30, 2018

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

Particulars	Note No.	Year Ended March 31 2018	Year Ended March 31 2017
INCOME			
Revenue from operations	3.01	167,446	161,311
Other Income	3.02	8,421	14,584
Total Income		**175,867**	**175,895**
EXPENSES			
Cost of materials consumed	3.03	102,929	85,905
Changes in inventories of stock-in-trade	3.04	423	903
Excise duty		4,707	17,388
Processing charges		21,915	20,336
Manufacturing and other expenses	3.05	23,227	22,886
Employee benefits expense	3.06	21,784	20,341
Depreciation and amortization expense	3.07	1,920	1,774
Total Expenses		**176,905**	**169,533**
Profit/ (Loss) before tax		**(1,038)**	**6,362**
Tax expenses			
Tax expenses	3.08		
Current tax (for the year)		-	1,000
Current tax (relating to prior years)		76	(2,585)
Deferred tax		271	(344)
		347	(1,929)
Profit/ (Loss) for the period		**(1,385)**	**8,291**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(172)	(455)
Income tax relating to items that will not be reclassified to profit or loss	3.08	44	117
Total other comprehensive income		**(216)**	**(573)**
Total comprehensive income for the period		**(1,601)**	**7,718**
Earnings per equity share			
Basic (in Rs.)		(3.43)	20.52
Diluted (in Rs.)		(3.43)	20.52

Significant accounting policies 1

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K.Y.Narayana
Partner
Membership No.: 060639

Place: Mumbai **Date:** May 30, 2018

For and on behalf of the Board of Directors

Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer

Place: Mumbai **Date:** May 30, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31 2018	2017
Cash flow from operating activities		
Profit before income tax	**(1,038)**	**6,362**
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	1,920	1,774
Dividend Income	(41)	(35)
Gratuity & Leave encashment provision	520	543
Interest income	(6,564)	(7,448)
Loss by fire	-	54
Provision for bonus	(14)	-
Amount no longer payable written back	(1)	-
Amount Written off	169	44
MTM loss on swap	-	(184)
Change in fair value of financial assets at fair value through profit or loss	(1,651)	(3,113)
	(6,700)	**(2,003)**
Change in operating assets and liabilities :		
Decrease/(increase) in trade receivables	(8,646)	(138)
Decrease/(increase) in inventories	(404)	429
Increase/(decrease) in trade payables	3,693	2,289
Increase/(decrease) in other financial assets	349	(41)
Decrease/(increase) in other non-current assets	2,621	(3,401)
Decrease/(increase) in other current assets	2,765	(5,676)
Increase/(decrease) in provisions	-	(63)
Increase/(decrease) in other current liabilities	(610)	438
Increase/(decrease) in other financial liabilities	(1,408)	1,424
Cash generated from operations	(8,341)	(6,742)
Direct taxes paid (net of refunds)	(174)	5,451
Net cash flow from/(used in) operating activities (A)	**(8,515)**	**(1,291)**
Cash flow from investing activities		
Payments for acquisition of property, plant and equipment	(3,131)	(580)
Loans & advances repaid by Subsidiaries	5,507	-
Inter corporate deposit given	(285)	-
Loans to employees and others	(98)	509
Regulatory fees paid for acquisition of shares	(150)	(50)
Proceeds from sale of property, plant and equipment	1	-
Fixed deposits withdrawn from bank	5,095	(2,002)
Interest received	6,487	4,803
Dividend received	41	35
Net cash flow from/(used in) investing activities (B)	**13,467**	**2,715**

Cash flows from financing activities		
Dividends paid	(1,121)	(1,010)
Net cash flow from/(used in) in financing activities (C)	**(1,121)**	**(1,010)**
Net increase/(decrease) in cash and cash equivalents (A+B+ C)	3,829	416
Cash and cash equivalents at the beginning of the year	8,784	8,368
Cash and cash equivalents at the end of the year	**12,613**	**8,784**
Reconciliation of cash and cash equivalents as per the cash flow statement :		
Cash and cash equivalents		
Balances with banks:		
On current accounts	7,716	2,484
Deposits with original maturity of less than 3 months	4,897	6,300
Balance as per the cash flow statement :	**12,613**	**8,784**

Note: Above statement has been prepared by using Indirect method as per Ind AS - 7 on Statement of Cash flows

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K.Y.Narayana
Partner
Membership No.: 060639

Place: Mumbai **Date:** May 30, 2018

For and on behalf of the Board of Directors

Tanil R. Kilachand	Chairman (DIN No.: 00006659)
Parthiv T. Kilachand	Managing Director (DIN No.: 00005516)
Atul H. Mehta	Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara	Chief Financial Officer
Deepali V. Chauhan	Company Secretary & Compliance Officer

Place: Mumbai **Date:** May 30, 2018

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

Equity share capital	Amount
Balance as at April 1, 2016	**4,040**
Changes in equity share capital during the year	-
Balance as at March 31, 2017	**4,040**
Changes in equity share capital during the year	-
Balance as at March 31, 2018	**4,040**

Other Equity

Particulars	Attributable to owners of the Company				Total Other Equity
	Reserves and Surplus				
	Securities Premium Account	General Reserve	Capital Redemption Reserve	Retained earnings	
Balance as at April 1, 2016	**142,437**	**206,993**	**5,000**	**(189,401)**	**165,029**
Profit for the year	-	-	-	8,291	8,291
Other comprehensive income	-	-	-	(573)	(573)
Total comprehensive income for the year	**-**	**-**	**-**	**7,718**	**7,718**
Dividend Paid	-	-	-	(1,010)	(1,010)
Dividend Distribution Tax Paid	-	-	-	(206)	(206)
Reversal of Mark to Market of Forward Contracts	-	-	-	(184)	(184)
Balance as at March 31, 2017	**142,437**	**206,993**	**5,000**	**(183,083)**	**171,348**
Profit for the year	-	-	-	(1,385)	(1,385)
Other comprehensive income	-	-	-	(216)	(216)
Total comprehensive income for the year	-	-	-	**(1,601)**	**(1,601)**
Dividends	-	-	-	(1,010)	(1,010)
Dividend Distribution Tax Paid	-	-	-	(206)	(206)
Balance as at March 31, 2018	**142,437**	**206,993**	**5,000**	**(185,900)**	**168,531**

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K.Y.Narayana
Partner
Membership No.: 060639

Place: Mumbai **Date:** May 30, 2018

For and on behalf of the Board of Directors

Tanil R. Kilachand	Chairman (DIN No.: 00006659)
Parthiv T. Kilachand	Managing Director (DIN No.: 00005516)
Atul H. Mehta	Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara	Chief Financial Officer
Deepali V. Chauhan	Company Secretary & Compliance Officer

Place: Mumbai **Date:** May 30, 2018

SIGNIFICANT ACCOUNTING POLICIES STATEMENTS AND NOTES ON ACCOUNTS ON STANDALONE FINANCIAL STATEMENTS

Background

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 domiciled in India and is listed on the Bombay Stock Exchange (BSE).

Authorization of standalone financial statements

The standalone financial statements were authorized for issue in accordance with a resolution of the directors on May 30, 2018.

1.00 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the presentation of these standalone financial statements.

1.01 BASIS OF PREPARATION

(i) Compliance with Ind AS :

The standalone financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), and relevant rules issued thereunder . In accordance with proviso to the Rule 4A of the Companies (Accounts) Rules, 2014, the terms used in these financial statements are in accordance with the definitions and other requirements specified in the applicable Accounting Standards.

The standalone financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These standalone financial statements are the first standalone financial statements of the Company under Ind AS. Refer note 4.14 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows. The date of transition to Ind AS is April 01, 2016.

(ii) Historical cost convention:

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) is measured at fair value; and
- defined benefit plans – plan assets measured at fair value.

1.02 ROUNDING OF AMOUNTS

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest thousands, except where otherwise indicated.

1.03 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is current if it is:

i) Expected to be realized or intended to be sold or consumed in normal operating cycle,

ii) Held primarily for the purpose of trading,

iii) Expected to be realized within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle,

ii) It is held primarily for the purpose of trading,

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of operations, the Company has ascertained it's operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.04 USE OF JUDGEMENTS, ESTIMATES & ASSUMPTIONS

While preparing standalone financial statements in conformity with Ind AS, the management makes certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. The management continually evaluates these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are as below:

Key sources of estimation uncertainty:

i) Financial instruments; (Refer note 4.08)

ii) Useful lives of property, plant and equipment and intangible assets; (Refer note 1.06)

iii) Valuation of inventories; (Refer note 1.10)

iv) Assets and obligations relating to employee benefits; (Refer note 4.04)

v) Evaluation of recoverability of deferred tax assets; (Refer note 2.06) and

vi) Contingencies. (Refer note 4.02)

1.05 FOREIGN CURRENCY TRANSACTIONS

(i) Functional and presentation currency:

The Company's standalone financial statements are prepared in INR, which is also the Company's functional and presentation currency.

(ii) Transactions and balances:

Monetary items

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Statement of Profit and Loss.

Non – Monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.06 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises it's purchase price, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Stores & Spares which meet the definition of property, plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.

Depreciation on Property, plant and equipment:

Depreciation on Property, plant & equipment is provided on written down value method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, the Company has assessed the estimated useful lives of it's Property, plant & equipment and has adopted the useful lives and residual value as prescribed in Schedule II. Depreciation on stores and spares specific to an item of property, plant and equipment is based on life of the related property, plant and equipment.

Depreciation on additions/deletions during the year are provided on pro rata basis. In case of impairment, depreciation is provided on the revised carrying amount over it's remaining useful life.

All assets costing up to Rs. 5,000/- are fully depreciated in the year of capitalization.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

1.07 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised on written down value basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each year end. The amortisation expense on Intangible assets with finite lives and impairment loss is recognised in the Statement of Profit and Loss.

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

Amortization of intangible assets:

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

1.08 IMPAIRMENT OF ASSETS

Carrying amount of tangible assets, intangible assets and investment in subsidiary (which is carried at cost) is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds it's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Company's assets (cash-generating units). Non - financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.09 LEASES

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

As a Lessee

Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.10 INVENTORIES

Inventories are valued as follow:

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

Property under development:

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

1.11 CASH AND CASH EQUIVALENTS

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

1.12 INVESTMENT IN SUBSIDIARY

A subsidiary is an entity that is controlled by another entity. An investor controls an investee if and only if the investor has the following; (i) Power over the investee, (ii) exposure, or rights, to variable returns from it's involvement with the investee and (iii) the ability to use it's power over the investee to affect the amount of the investor's returns. The Company's investments in it's subsidiary is accounted at cost and reviewed for impairment at each reporting date.

1.13 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Initial Recognition and Measurement – Financial Assets and Financial Liabilities:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”) on the basis of following;

- the entity’s business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Amortized Cost:

A financial asset is classified and measured at amortized cost if both of the following conditions are met;

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTOCI:

A financial asset is classified and measured at FVTOCI if both of the following conditions are met;

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTPL:

A financial asset is classified and measured at FVTPL unless it is measured at amortized cost or at FVTOCI. All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Impairment of Financial Assets:

The Company assesses on a forward looking basis the expected credit losses associated with it’s assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Classification and Subsequent measurement: Financial Liabilities

The Company’s financial liabilities include trade payables and other financial liabilities.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or losses on financial liabilities held for trading are recognized in the Statement of Profit and Loss.

Other Financial Liabilities:

Other financial liabilities (including borrowings, trade and other payables) are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Assets and Financial Liabilities:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. If the Company enters into transactions whereby it transfers assets recognized on it's Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting Financial Instruments:

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

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a current pre-tax rate. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are disclosed in the case of:

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

Contingent Assets is disclosed when inflow of economic benefits is probable.

1.15 REVENUE RECOGNITION

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns and allowances, trade discounts and volume rebates but does not include value added tax (VAT), central sales tax (CST) and Goods and service Tax (GST).

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Interest:

Interest income is recognized using the effective interest rate method taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Dividend:

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

1.16 TAXES ON INCOME

Current Tax:

Tax on income for the current period is determined the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit and Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

1.17 EMPLOYEE BENEFITS

Short-term obligations:

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

Post-employment obligations:

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund.

Gratuity obligations:

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

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

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

Measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.

Defined contribution plans:

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

Other long-term employee benefit obligations:

The liabilities for leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

1.18 CHANGE IN RELATIONSHIP OF GUJARAT POLY ELECTRONICS LIMITED FROM ASSOCIATE TO SUBSIDIARY

The Company has equity stake in Gujarat Poly Electronics Limited for strategic reasons. The relationship has been determined based on principles laid down in Ind AS 110 - Consolidated financial statements. Accordingly Gujarat Poly Electronics Limited is considered as a subsidiary.

1.19 EARNINGS PER SHARE (EPS)

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is adjusted for after income tax effect of interest and other financing cost associated with dilutive potential equity shares and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.20 FIRST TIME ADOPTION - MANDATORY EXCEPTIONS, OPTIONAL EXEMPTIONS

Overall principle:

The Company has prepared the opening standalone Balance Sheet as per Ind AS as of the transition date by

- recognizing all assets and liabilities whose recognition is required by Ind AS,
- not recognizing items of assets or liabilities which are not permitted by Ind AS,
- by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and
- applying Ind AS in measurement of recognized assets and liabilities.

However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

(i) Deemed cost for property, plant and equipment and intangible assets:

The Company has elected to continue with the carrying value of all of it's property, plant and equipment and intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and it's use that carrying value as it's deemed cost of the property, plant and equipment as of the transition date.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

2.01 Property, Plant and Equipment

All amounts are in '000 unless otherwise stated

Particulars	Gross Carrying Amount				Depreciation / Impairment				Net Block	
	As at April 1, 2017	Addition	Disposal	As at March 31, 2018	As at April 1, 2017	For the Year	Elimination on disposal	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Own Assets:										
Plant and Machinery	2,062	63	-	2,125	332	291	-	623	1,502	1,731
Laboratory equipments	487	-	-	487	126	93	-	220	267	361
Furniture & Fixtures	804	22	-	826	216	160	-	376	450	587
Computers	595	601	37	1,159	264	379	36	607	552	331
Office Equipments	569	208	-	777	259	184	-	443	334	310
Motor Vehicles	842	2,237	-	3,079	280	661	-	941	2,138	562
Leasehold Improvements	142	-	-	142	78	34	-	112	30	63
Total	**5,500**	**3,131**	**37**	**8,595**	**1,556**	**1,802**	**36**	**3,322**	**5,271**	**3,944**

Particulars	Gross Carrying Amount				Depreciation / Impairment				Net Block	
	Deemed cost as at April 1, 2016	Addition	Disposal	As at March 31, 2017	As at April 1, 2016	For the Year	Elimination on disposal	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Own Assets:										
Plant and Machinery	2,013	49	-	2,062	-	332	-	332	1,731	2,013
Laboratory equipments	487	-	-	487	-	126	-	126	361	487
Furniture & Fixtures	804	-	-	804	-	216	-	216	587	804
Computers	200	395	-	595	-	264	-	264	331	200
Office Equipments	514	55	-	569	-	259	-	259	310	514
Motor Vehicles	842	-	-	842	-	280	-	280	562	842
Leasehold Improvements	142	-	-	142	-	78	-	78	63	142
Total	**5,001**	**499**	**-**	**5,500**	**-**	**1,556**	**-**	**1,556**	**3,944**	**5,001**

2.02 Other Intangible Assets

All amounts are in '000 unless otherwise stated

Particulars	Gross Carrying Amount				Amortisation / Impairment				Net Block	
	As at April 1, 2017	Addition	Disposal	As at March 31, 2018	As at April 1, 2017	For the Year	Elimination on disposal	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Software	467	-	-	467	218	117	-	336	132	249
Total	**467**	**-**	**-**	**467**	**218**	**117**	**-**	**336**	**132**	**249**

Particulars	Gross Carrying Amount				Amortisation / Impairment				Net Block	
	Deemed cost as at April 1, 2016	Addition	Disposal	As at March 31, 2017	As at April 1, 2016	For the Year	Elimination on disposal	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Software	387	80	-	467	-	218	-	218	249	387
Total	**387**	**80**	**-**	**467**	**-**	**218**	**-**	**218**	**249**	**387**

Notes: Range of remaining period of amortisation of Intangible Assets is as below:

Particulars	With in One year	2 to 5 years	Exceeding 5 years	Total WDV
Softwares	59	64	9	132
Total	**59**	**64**	**9**	**132**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

2.03 Non-current Investments

All amounts are in '000 unless otherwise stated

Particulars	Face value per unit	As at March 31, 2018 Qty	As at March 31, 2018 Amount	As at March 31, 2017 Qty	As at March 31, 2017 Amount	As at April 1, 2016 Qty	As at April 1, 2016 Amount
Investments in Equity Instruments (fully paid-up)							
Quoted							
Investment in subsidiary (Measured at Cost)							
Gujarat Poly Electronics Limited	10	4,616,152	42,144	4,616,152	41,994	2,866,154	41,944
Less : Provision for Impairment of Investments		-	(30,479)	-	(30,479)	-	(30,479)
	(A)	**4,616,152**	**11,665**	**4,616,152**	**11,515**	**2,866,154**	**11,465**
Investment in other companies (FVTPL)							
Great Eastern Shipping Company Limited	10	600	198	600	250	600	186
State Bank of India	1	1,050	262	1,050	307	1,050	204
HDFC Limited	2	500	913	500	751	500	553
ICICI Bank Limited	2	962	268	875	242	875	207
IDFC Limited	10	800	39	800	44	800	32
IDFC Bank Limited	10	800	38	800	47	800	39
ITC Limited	1	1,800	460	1,800	505	1,200	394
Larsen & Toubro Limited	2	585	767	390	615	390	474
Adani Port Sp. Eco. Zone Limited	2	1,500	531	1,500	510	1,500	372
Reliance Industries Limited	10	584	515	292	385	292	305
DCM Limited	10	1	*	1	*	1	*
DCM Shriram Industries Limited	10	6	1	6	2	6	1
	(B)	**9,188**	**3,992**	**8,614**	**3,658**	**8,014**	**2,767**
Unquoted							
Investment in other companies							
Crescent Finstock Limited	10	9	*	9	*	9	*
Mafatlal Dyes & Chemicals Limited	10	62	1	62	1	62	1
	(C)	**71**	**1**	**71**	**1**	**71**	**1**
Investments in Preference Shares (fully paid-up)							
Unquoted							
Investment in Subsidiaries (Measured at Cost)							
Gujarat Poly Electronics Ltd	100	668,280	1,080	668,280	1,080	668,280	1,080
Less : Impairment in Value		-	(1,080)	-	(1,080)	-	(1,080)
	(D)	**668,280**	**-**	**668,280**	**-**	**668,280**	**-**
Investments in Mutual Fund							
Unquoted							
HDFC Floating Rate Income Fund (Growth)	10	218,652	6,612	218,652	6,180	218,652	5,695
HDFC - STP (Growth)	10	293,417	10,103	293,417	9,510	293,417	8,682
DSP Black Rock - SBF - Institutional Plan (Growth)	10	4,905	9,909	4,905	9,614	4,905	8,708
	(E)	**516,974**	**26,624**	**516,974**	**25,304**	**516,974**	**23,085**
Total (A + B + C + D + E)		**5,810,665**	**42,282**	**5,810,019**	**40,478**	**4,059,493**	**37,318**

	2018	2017	2016
Aggregate book value of quoted investments	15,657	15,173	14,232
Aggregate market value of quoted investments	68,387	45,251	29,050
Aggregate amount of unquoted investments	26,625	25,305	23,085
Aggregate amount of Impairment of investments	31,559	31,559	31,559

Category-wise other Investments - as per Ind AS 109 classification :	**As at March 31, 2018**	**As at March 31, 2017**	**As at April 1, 2016**
Financial assets carried at fair value through profit or loss (FVTPL)			
Mandatorily measured at FVTPL	30,616	28,963	25,852

*Amounts below Rs. 500/-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

2.04 Loans		Non - Current			Current		
		As at March 31,		As at April 1,	As at March 31,		As at April 1,
		2018	2017	2016	2018	2017	2016
Loans to related parties							
Unsecured, considered good unless stated otherwise							
Loan to Gujarat Poly Electronics Limited (subsidiary)		-	-	-	44,244	49,751	47,046
	(A)	**-**	**-**	**-**	**44,244**	**49,751**	**47,046**
Loans to employees							
Unsecured, considered good unless stated otherwise		435	379	789	198	156	156
	(B)	**435**	**379**	**789**	**198**	**156**	**156**
Other Loans							
Unsecured, considered good unless stated otherwise							
Inter corporate deposit		-	-	-	560	275	374
	(C)	**-**	**-**	**-**	**560**	**275**	**374**
Total (A + B + C)		**435**	**379**	**789**	**45,002**	**50,182**	**47,576**

2.05 Other Financial Assets	Non - Current			Current		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2018	2017	2016	2018	2017	2016
Security deposits	1,187	1,187	1,157	-	-	-
Forward Contract - Asset	-	-	-	-	194	184
Bank deposits with more than 12 months maturity	-	2,094	2,094	-	-	-
Accrued Interest on Deposits with Bank	-	-	-	118	195	255
Dividend Receivable	-	-	-	-	-	2
Total	**1,187**	**3,281**	**3,251**	**118**	**389**	**441**

2.06 Deferred Tax Assets (net)	As at March 31,		As at April 1,
	2018	2017	2016
Deductible temporary differences			
Unabsorbed Depreciation as per Income Tax	1,154	1,357	1,242
Defined benefit obligation	-	113	-
Total	**1,154**	**1,470**	**1,242**

2.07 Other Assets	Non - Current			Current		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2018	2017	2016	2018	2017	2016
Prepaid expenses	47	48	392	414	516	122
Staff Advances	-	-	-	468	791	764
Balances with Statutory Authorities:						
Income Tax (net of provisions)	1,680	983	873	-	-	-
VAT/GST Receivable	4,117	6,853	3,396	3,416	-	-
Others	-	-	-	235	5,965	928
Other Advances	24	23	22	-	-	-
Sundry Advances	-	-	-	167	246	28
Total	**5,868**	**7,907**	**4,683**	**4,700**	**7,518**	**1,842**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

2.08 Inventories	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw Materials	2,892	2,032	1,647
Property Development	15,880	15,730	15,602
Work in progress	2,961	3,534	4,565
Stores and spares	244	277	242
Total	**21,977**	**21,573**	**22,056**

2.09 Trade Receivables	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good	32,426	23,781	23,643
Doubtful	-	-	-
	32,426	**23,781**	**23,643**
Allowance for doubtful debts (expected credit loss)	-	-	-
Total	**32,426**	**23,781**	**23,643**

2.10 Cash and Cash Equivalent	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks:			
On current accounts	7,716	2,484	3,568
Deposits with original maturity of less than 3 months*	4,897	6,300	4,800
Total	**12,613**	**8,784**	**8,368**

2.11 Bank balances other than cash and cash equivalents	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deposits with original maturity for more than 3 months but less than 12 months*	16,026	19,027	17,025
Total	**16,026**	**19,027**	**17,025**

*Marked under lien in favour of banks

Lien marked on Deposit of Rs. 4,100('000) for obtaining forward contract exposure with HDFC Bank in respect of trade receivables .

Lien marked on Deposit of Rs. 125('000) for issuance of guarantee in favoring of Regional Officer, Maharashtra Pollution Control Board, Kalyan .

Lien marked on Deposit of Rs. 500('000) for issuance of Corporate Expense card by HDFC Bank .

2.12 Current Tax Assets (Net)	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance income tax (Net of Provisions)	1,653	2,252	6,143
Total	**1,653**	**2,252**	**6,143**

2.13 Equity Share capital	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorized share capital :			
4,00,00,000 (March 31, 2017 : 4,00,00,000, April 01,2016 : 4,00,00,000) Equity shares of Rs. 10/- each	400,000	400,000	400,000
5,00,000 (March 31, 2017 : 5,00,000, April 01,2016 : 5,00,000) Cumulative convertible preference shares of Rs.100/- each	50,000	50,000	50,000
Total	**450,000**	**450,000**	**450,000**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Issued, Subscribed & Paid up Capital			
4,04,045 (March 31, 2017 : 4,04,045 , April 01,2016 : 4,04,045) equity shares of Rs. 10/- each (fully paid up)	4,040	4,040	4,040
Total issued, subscribed and fully paid-up share capital	**4,040**	**4,040**	**4,040**

a. Reconciliation of shares outstanding as at the beginning and at the end of the reporting period:
(Separate reconciliation should be prepared for each Class of Shares)

All amounts are in '000 unless otherwise stated

Equity Shares	As at March 31,				As at April 1,	
	2018		2017		2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	404,045	4,040	404,045	4,040	404,045	4,040
Movement during the year	-	-	-	-	-	-
Outstanding at the end of the period	**404,045**	**4,040**	**404,045**	**4,040**	**404,045**	**4,040**

b. Rights, preference and restrictions attached to shares:

Equity Shares

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.

c. Details of share holders holding more than 5% shares in the company

Particulars	As at March 31,				As at April 1,	
	2018		2017		2016	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Equity shares of Rs. 10 each fully paid						
Name of the Shareholder						
Virsun Investments Private Limited	80,802	19.99%	80,802	19.99%	80,802	19.99%
Highclass Trading Private Limited	39,842	9.86%	39,842	9.86%	39,842	9.86%
Rasayani Traders Private Limited	-	-	-	-	49,990	12.37%
Masuma Tradecorp Private Limited	59,987	14.85%	59,987	14.85%	-	-

2.14 Other Equity

	As at March 31,		As at April 1,
	2018	2017	2016
General reserve	206,993	206,993	206,993
Surplus in the Statement of Profit and Loss	(185,899)	(183,082)	(189,401)
Securities Premium	142,437	142,437	142,437
Capital Redemption reserve	5,000	5,000	5,000
Total	**168,531**	**171,348**	**165,029**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Description of the nature and purpose of each reserve within equity is as follows:

(a) General Reserve :
The Company had transferred a portion of the net profit of the Company before declaring dividend to the general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve before declaration of dividend is not required under the Companies Act, 2013.

(b) Retained Earnings :
Retained earnings are the profits that the Company has earned till date and is net of amount transferred to other reserves such as general reserves etc., amount distributed as dividend and adjustments on account of transition to Ind AS.

(c) Securities Premium :
Securities premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

(d) Capital Redemption Reserve :
The Capital Redemption Reserve is created on redemption of 13.5% 50,000 Redeemable Cumulative Preference Shares of Rs.100/- in the Financial Year 2007-2008 pursuant to Section 80 of the Companies Act, 1956.

All amounts are in '000 unless otherwise stated

2.15	**Trade Payables**	**As at March 31,**		**As at April 1,**
		2018	**2017**	**2016**
	Total outstanding dues of Micro Enterprises & Small Enterprises	-	-	-
	Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	13,238	9,546	7,257
	Total	**13,238**	**9,546**	**7,257**

2.16	**Other Financial Liabilities**	**As at March 31,**		**As at April 1,**
		2018	**2017**	**2016**
	Forward contract - liability	93	-	-
	Unpaid dividend	277	182	-
	Liability for expenses	1,119	2,620	1,378
	Total	**1,489**	**2,802**	**1,378**

2.17	**Other Liabilities**	**As at March 31,**		**As at April 1,**
		2018	**2017**	**2016**
	Gratuity payables (Funded Plans)	1,973	1,454	1,106
	Leave travel allowance payable	433	1,030	520
	Leave Encashment	221	236	40
	Statutory Payables	849	674	248
	Total	**3,476**	**3,394**	**1,914**

2.18	**Provisions**	**As at March 31,**		**As at April 1,**
		2018	**2017**	**2016**
	Employee benefits			
	Provision for Bonus	70	84	147
	Total	**70**	**84**	**147**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

3.01 Revenue From Operations	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations		
Sale of products (Net sales)	158,898	140,527
Excise Duty	4,707	17,388
Other operating revenue		
Exchange gain/(loss) on foreign currency	2,292	1,388
Duty drawback received	1,542	1,894
Sale of scrap	7	114
Total	**167,446**	**161,311**

3.02 Other Income	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income	6,727	11,436
Fair value measurement of Investments	1,651	3,113
Dividend Income	41	35
Other non - operating income		
Amount not payable written back	1	-
Other sundry Income	1	-
Total	**8,421**	**14,584**

3.03 Cost of Materials Consumed	Year ended March 31, 2018	Year ended March 31, 2017
Opening Stock	2,032	1,647
Purchases	103,789	86,414
Less: Closing stock	(2,892)	(2,032)
Less: Loss by fire	-	(124)
Total	**102,929**	**85,905**

3.04 Changes in Inventories of Stock-in-Trade	Year ended March 31, 2018	Year ended March 31, 2017
Work in process		
Opening Stock	3,534	4,565
Less: Closing Stock	(2,961)	(3,534)
	573	1,031
Property Development		
Opening Stock	15,730	15,602
Less: Closing Stock	(15,880)	(15,730)
	(150)	(128)
Total	**423**	**903**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in ‘000 unless otherwise stated

3.05 Manufacturing and Other Expenses		Year ended March 31, 2018	2017
Selling & distributions expenses		4,574	4,396
Legal and professional fees		4,240	4,475
Rent		2,512	2,293
Motor car expenses		1,594	1,645
Membership & subscription		1,009	780
Rates & taxes		912	461
Telephone expenses		815	674
General charges		719	557
Printing & stationery expenses		598	739
Conveyance & travelling expenses		597	1,028
Electric Power, oil fuel and water charges		403	422
Miscellaneous expenses		332	479
Postage & courier expenses		303	105
Insurance charges		199	196
Advertisement expenses		181	81
Amount not recoverable written off		169	44
Land development expenses		149	128
ISO & certification expenses		118	136
Medical Expenses		100	-
Director sitting fees		87	117
Interest on statutory dues		59	424
Donation		3	10
Loss by Fire		-	54
Repair & Maintenance			
Computer		178	216
Machinery		-	7
Others		999	1,172
Packing Material ,Stores & spares			
Opening Stock	277		
Add : Purchase during the year	1,777		
Less : Closing Stock	(244)	1,810	1,575
Auditor's Remuneration			
Audit fees		175	150
Limited review fees		150	150
Consolidation audit fees		50	50
Tax audit fees		70	70
Other matters		122	252
Total		**23,227**	**22,886**

3.06 Employee Benefits Expense	Year ended March 31, 2018	2017
Salaries, wages & incentives	17,512	16,402
Contribution to provident and other fund	3,323	2,854
Staff welfare expenses	949	1,085
Total	**21,784**	**20,341**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

3.07 Depreciation and Amortization Expense	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	1,803	1,556
Amortization of Intangible assets	117	218
Total	**1,920**	**1,774**

3.08 Tax expenses	Year ended March 31, 2018	Year ended March 31, 2017
(a) Income tax expenses		
Current tax		
In respect of the current year	-	1,000
In respect of prior years	76	(2,585)
	76	(1,585)
Deferred tax		
In respect of the current year	271	(344)
	271	(344)
(b) Income tax recognised in Other Comprehensive Income		117
Remeasurements of the defined benefit plans	44	117
	44	117
Total (a+b)		
	391	**(1,812)**

(c) Reconciliation between the Statutory income tax rate applicable to the company and the effective income tax rate is as follows:

	2018	2017
Net profit/(loss) before tax	(1,038)	6,362
Effective tax rate applicable to the company	25.75%	30.90%
Tax amount at the enacted income tax rate	(267)	1,966
Add : Expenses not deductible in determining taxable profits	674	898
Less: Allowances / Deductible	(920)	(1,853)
Income not considered for taxation	(11)	(11)
Deferred tax not created on current year loss	524	-
Tax relating to earlier year's	76	(2,585)
Deferred tax liability on account of other temporary differences	315	(227)
Income tax expense	**391**	**(1,812)**

4.01 Earnings Per Share (EPS)	As at March 31, 2018	As at March 31, 2017
Basic earnings per share:		
Attributable to equity holders of the Company	(3.43)	20.52
Diluted earnings per share:		
Attributable to equity holders of the Company	(3.43)	20.52
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	(1,385)	8,291
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	(1,385)	8,291
Weighted average number of Equity shares used as the denominator in calculating basic & diluted earnings per share	404,045	404,045

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

4.02 Contingent Liabilities	As at March 31, 2018	As at March 31, 2017
1) Claims against the Company not acknowledged as debts: Relates to supplier of materials, employees and other claims etc. (No provision is made, as the Company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallize).	2,873	2,873
2) The Company has taken certain premises on sub-lease. The landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorized Occupants) Act,1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		

4.03 Amount of lease rental charged to the Statement Profit and Loss in respect of premises taken on cancellable operating lease is Rs.2,341 '(000) (March 2017 : Rs. 2,122'(000).

4.04 **Employee benefits**

1) Defined Contribution Plans:

The amounts of contribution to provident fund and ESIC recognized as expenses during the year is Rs. 1296'(000) (March 31, 2017 : 1108'(000)) for the year ended March 31, 2018.

2) Defined Benefit Plans:

The Company sponsors funded defined benefit plans for qualifying employee. The defined benefit plans are administered by separate fund that are legally separate fund from the entity. The board of the fund is responsible for the investment policy with regard to assets of the fund.

These plans typically expose the Company to Actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk. No other post-retirement benefit are provided to the employees.

Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has investment with LIC of India.
Interest Risk	A decrease in the interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

3) Principal assumptions used for the purpose of actuarial valuation :

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Discount rate	7.73%	7.29%
Expected rate of salary increase	6.00%	6.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

4. (a) Amounts recognized in Statement of Profit and Loss in respect of defined benefit plans

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Service cost		
Current service cost	278	225
Net Interest Cost	106	89
Net Actuarial (Gain)/loss	-	-
Components of defined benefits cost recognized in Statement of Profit and Loss	**384**	**314**

4. (b) Amounts recognized in Other Comprehensive Income in respect of defined benefit plans

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Remeasurement of net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	(8)	(30)
Net Actuarial (Gain)/ Loss	180	485
Components of defined benefits cost recognized in Other Comprehensive Income	**172**	**455**

4. (c) Amounts recognized in the Balance Sheet in respect of defined benefit plans

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Present Value of the Defined Benefit Obligations	5,774	(4,955)
Fair Value of Plan Assets	(3,801)	3,502
Liability Recognized in the Balance Sheet	**1,973**	**(1,453)**

5. (a) Movements in present value of defined benefit obligation

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Opening defined benefit obligations	4,955	3,928
Current service cost	278	225
Interest cost	361	317
Remeasurement (Gains) / Losses		
Actuarial (gains) / losses on Defined Benefit Obligation - Due to change in financial obligation	(89)	128
Actuarial (gains) / losses on Defined Benefit Obligation - Due to experience	269	357
Closing defined benefit obligation	**5,774**	**4,955**

5. (b) Reconciliation

All amounts are in '000 unless otherwise stated

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017	Gratuity As at April 1, 2016
Opening Net Liability	1,453	1,106	732
Add: Employer Expenses (Expenses recognized in the Statement of Profit and Loss)	384	314	264
Add: Transfer to Other Comprehensive Income	172	455	805
Less: Benefit paid	-	-	-
Less: Employer's contribution	(36)	(422)	(695)
Closing Net Liability	**1,973**	**1,453**	**1,106**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

6. The category of plan assets as a percentage of total plan are as follows:

Particulars	Gratuity		
	As at March 31,		As at April 1,
	2018	2017	2016
Deposits with LIC of India	100%	100%	100%

7. Sensitivity Analysis

Below is the sensitivity analysis determined for significant actuarial assumption for determination of defined benefit obligation and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period.

Key assumptions for determination of Defined Benefit Obligation are Discount Rate (i.e. Interest Rate) Salary Growth Rate and Employee Turnover Rate

Particulars	Gratuity		
	As at March 31,		As at April 1,
	2018	2017	2016
Delta Effect of +0.5% Change in Rate of Discounting	(94.25)	(84.72)	(60.04)
Delta Effect of -0.5% Change in Rate of Discounting	101.30	91.15	64.34
Delta Effect of +0.5% Change in Rate of Salary Increase	102.51	91.85	65.32
Delta Effect of -0.5% Change in Rate of Salary Increase	(96.18)	(86.10)	(61.44)
Delta Effect of +0.5% Change in Rate of Employee Turnover	9.92	3.22	5.25
Delta Effect of -0.5% Change in Rate of Employee Turnover	(10.83)	(3.79)	(5.85)

4.05 Segment Information

In accordance with Ind AS 108 on Operating Segments information has been given in the Consolidated Financial Statements of the Company and therefore no separate disclosure on segment information is given in the Standalone Financial Statements.

4.06 Dues to Micro and Small Enterprises

None of the creditors qualify as supplier under the Micro, Small and Medium Enterprise Development Act, 2006 and accordingly, no disclosure is required to be made u/s. 22 of that Act.

4.07 Capital Management

Risk management

The Company's objectives when managing capital are to safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to maximize shareholder value.

For the purpose of the Company's capital management, capital includes capital and all other equity reserves. In order to maintain or achieve a capital structure that maximizes the shareholder value, the Company allocates it's capital for distribution as dividend or re-investment into business based on it's long term financial plans. As at March 31, 2018, the Company has only one class of equity shares and has no debts. Hence, there are no externally imposed capital requirements.

All amounts are in '000 unless otherwise stated

Dividend	As at March 31,		As at April 1,
	2018	2017	2016
Dividend on equity shares paid during the year			
Dividend paid	1,010	1,010	1,010
Dividend distribution tax	206	206	206

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.08 Financial Instruments

1) Methods & assumptions used to estimate the fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

(a) The carrying amounts of receivables and payables which are short term in nature such as trade receivables, other bank balances, deposits, loans to employees, trade payables, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values.

(b) For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

2) Categories of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
Level 3: inputs which are not based on observable market data

All amounts are in '000 unless otherwise stated

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Carrying values	Fair value	Carrying values	Fair value	Carrying values	Fair value
Financial assets						
Measured at amortized cost						
Trade receivables	32,426	32,426	23,781	23,781	23,643	23,643
Loans	45,437	45,437	50,561	50,561	48,365	48,365
Cash and Bank balances	28,639	28,639	29,905	29,905	27,487	27,487
Other financial assets	1,305	1,305	1,382	1,382	1,414	1,414
Total (A)	**107,807**	**107,807**	**105,629**	**105,629**	**100,909**	**100,909**
Measured at fair value through profit or loss						
Investment in equity instruments of other companies	3,992	3,992	3,658	3,658	2,767	2,767
Investment in mutual funds	26,624	26,624	25,304	25,304	23,085	23,085
Derivative Instruments	-	-	194	194	184	184
Total (B)	**30,616**	**30,616**	**29,156**	**29,156**	**26,036**	**26,036**
Total Financial assets (A+B)	**138,423**	**138,423**	**134,785**	**134,785**	**126,945**	**126,945**
Financial liabilities						
Measured at amortized cost						
Trade payables	13,238	13,238	9,546	9,546	7,257	7,257
Other financial liabilities	1,396	1,396	2,802	2,802	1,378	1,378
Total (A)	**14,634**	**14,634**	**12,348**	**12,348**	**8,635**	**8,635**
Measurement at fair value through profit or loss						
Derivative Instruments	93	93	-	-	-	-
Total (B)	**93**	**93**	**-**	**-**	**-**	**-**
Total Financial liabilities (A+B)	**14,727**	**14,727**	**12,348**	**12,348**	**8,635**	**8,635**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Level wise disclosure of financial instruments All amounts are in '000 unless otherwise stated

Particulars	As at March 31,		As at April 01,	Level	Valuation techniques and key inputs
	2018	2017	2016		
Investment in equity instruments of other companies	3,992	3,658	2,767	1	Market Value
Investment in mutual funds	26,624	25,304	23,085	2	NAV as stated by Issuer
Forward contracts - Assets	-	194	184	2	Quotes from banks or dealers
Forward contracts - Liability	93	-	-	2	Quotes from banks or dealers

4.09 Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute it's business strategies. The Company's financial risk management policy is set by the Board of Directors. The details of different types of risk and management policy to address these risks are listed below:

The Company's activities are exposed to various risks viz. Credit risk, Liquidity risk and Market risk. In order to minimize any adverse effects on the financial performance of the Company, it uses various instruments and follows policies set up by the Board of Director's / Management.

1) Credit Risk

Credit risk arises from the possibility that counter party will cause financial loss to the Company by failing to discharge it's obligation as agreed.

Credit risks from balances with banks are managed in accordance with the Company policy. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks having high credit-ratings assigned by credit-rating agencies.

Based on the industry practices and business environment in which the Company operates, management considers that the trade receivables are in default if the payments are more than 12 months past due.

2) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company has consistently generated sufficient cash flows from it's operations and believes that these cash flows along with it's current cash and cash equivalents and funding arrangements are sufficient to meet it's financial obligations as and when they fall due. Accordingly, liquidity risk is perceived to be low.

Maturities of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities as at the reporting date:

All amounts are in '000 unless otherwise stated

As at March 31, 2018	less than 1 year	1 to 5 year	Total
Non-Derivatives			
Trade payables	13,238	-	13,238
Other Financial Liabilities	1,489	-	1,489
As at March 31, 2017	**less than 1 year**	**1 to 5 year**	**Total**
Non-Derivatives			
Trade payables	9,546	-	9,546
Other Financial Liabilities	2,802	-	2,802

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

As at April 1, 2016	less than 1 year	1 to 5 year	Total
Non-Derivatives			
Trade payables	7,257	-	7,257
Other Financial Liabilities	1,378	-	1,378

3) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed in the ordinary course of business to risks related to changes in foreign currency exchange rate and interest rate.

Market Risk – Foreign Exchange

Foreign currency risk is that risk in which the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and a portion of it's business is transacted in several currencies and therefore the Company is exposed to foreign exchange risk through it's overseas sales in various foreign currencies. The Company hedges the receivables by forming view after discussion with Forex Consultant and as per the policies set by Management.

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities as at the end of the reporting period is as follows:

All amounts are in '000 unless otherwise stated

Currencies	Liabilities			Assets		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
GBP	0.66	-	-	84.60	53.84	73.87
EURO	0.39	-	-	64.80	34.88	27.34
USD	-	-	-	-	75.14	-

Foreign currency exposure as at March 31, 2018				GBP	EURO	USD
Assets						
Trade receivables				84.60	64.80	-
Liabilities						
Forward contracts - Liability				0.66	0.39	-
Foreign currency exposure as at March 31, 2017				**GBP**	**EURO**	**USD**
Assets						
Trade receivables				52.80	34.44	73.93
Forward contracts - Assets				1.04	0.44	1.21
Foreign currency exposure as at April 01, 2016				**GBP**	**EURO**	**USD**
Assets						
Trade receivables				72.22	27.00	-
Forward contracts - Assets				1.65	0.34	-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Details of Unhedged Foreign Currency Exposure is as under:-

All amounts are in '000 unless otherwise stated

Currency	Nature	March 31, 2018		March 31, 2017		April 01, 2016	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
GBP	Asset- Export Receivables	29.30	2,704	27	2,151	25	2,327
EURO	Asset- Export Receivables	0.60	48	0.9	65	0.5	36
USD	Asset- Export Receivables	-	-	31	2,038	-	-

Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on loss before tax and on other components of equity

Particulars	Impact on profit (loss) before tax and equity: Increase/(Decrease)			
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	1 % Increase	1 % Increase	1 % Decrease	1 % Decrease
GBP	129.34	63.96	(129.34)	(63.96)
EURO	104.29	47.22	(104.29)	(47.22)
USD	-	75.61	-	(75.61)

4.10 Related Party Transactions

(a) Names of related parties and description of relationship

	Nature of Relationship	Name of Related Parties
1)	Key managerial personnel	T. R. Kilachand - Non Executive Chairman P. T. Kilachand - Managing Director A. H. Mehta - Dy. Managing Director N. T. Kilachand - Non Executive Director V. V.Sahasrabudhe - Independent Non Executive Director C. R. Desai - Independent Non Executive Director N. S. Mehendale - Independent Non Executive Director Y. S. Mathur - Independent Non Executive Director K. V. Panchasara - Chief Financial Officer D. V. Chauhan - Company Secretary and Compliance Officer
2)	Entities where the key managerial personnel have significant influence / control	Ginners & Pressers Limited Sun Tan Trading Company Limited Tulsi Global Logistics Private Limited
3)	Subsidiary	Gujarat Poly Electronics Limited (formerly known as Gujarat Poly - AVX Electronics Limited)

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(b) Details of Transactions : All amounts are in '000 unless otherwise stated

	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Subsidiary		Total Amount	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Expenses								
Rent								
Ginners & Pressers Limited	-	-	940	806	-	-	940	806
Tulsi Global Logistics Private Limited	-	-	(469)	(391)	-	-	(469)	(391)
Electricity charges								
Ginners & Pressers Limited	-	-	193	232	-	-	193	232
Remuneration*								
P.T. Kilachand	3,096	2,664	-	-	-	-	3,096	2,664
A.H. Mehta	2,099	1,950	-	-	-	-	2,099	1,950
K. V. Panchasara	1,480	1,372	-	-	-	-	1,480	1,372
D.V. Chauhan	501	479	-	-	-	-	501	479
Directors sitting fees								
T.R. Kilachand	12	15	-	-	-	-	12	15
N.T. Kilachand	9	15	-	-	-	-	9	15
C.R.Desai	18	27	-	-	-	-	18	27
N. S. Mehendale	12	15	-	-	-	-	12	15
V. V. Sahasrabudhe	18	27	-	-	-	-	18	27
Y. S. Mathur	18	18	-	-	-	-	18	18
Total expenses payable	**7,263**	**6,582**	**664**	**647**	**-**	**-**	**7,927**	**7,229**
Reimbursement/(Recovery) of expenses								
Ginners & Pressers Limited	-	-	(1)	(1)	-	-	(1)	(1)
Gujarat Poly Electronics Limited	-	-	-	-	(36)	(37)	(36)	(37)
Suntan Trading Company Limited	-	-	-	4	-	-	-	4
Tulsi Global Logistics Private Limited	-	-	(65)	(70)	-	-	(65)	(70)
Total reimbursement	**-**	**-**	**(66)**	**(67)**	**(36)**	**(37)**	**(102)**	**(104)**
Interest on Inter Corporate Deposit								
Gujarat Poly Electronics Limited		-		-	5,104	5,325	5,104	5,325
Inter corporate deposit								
Gujarat Poly Electronics Limited		-		-		-	-	-
Balance outstanding as at year end								
Gujarat Poly Electronics Limited		-		-	44,244	49,751	44,244	49,751

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.11 In accordance with the requirements of Ind AS 18, Revenue from Operations for the year ended March 31, 2018 is shown net of Goods and Services Tax (GST).However, Revenue from Operations for the preceding periods are shown inclusive of Excise Duty, wherever applicable. For comparison purposes revenue excluding excise duty is given below:

All amounts are in '000 unless otherwise stated

Sr. No.	Particulars	Year ended on March 31, 2018	2017
(a)	Total Revenue from operations	163,605	157,915
(b)	Excise Duty on sales (included in other expenses)	4,707	17,388
(c)	**Total Revenue from operations excluding excise duty on Sales (a-b)**	**158,898**	**140,527**

4.12 Unpaid Dividend

Particulars	Year	AGM Date	Amount
Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on :	16-17	August 24, 2017	96.13
	15-16	August 10, 2016	92.50
	14-15	July 27, 2015	88.86

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 as on March 31, 2018.

4.13 Recent Accounting Pronouncements

<u>Ind AS 115- Revenue from contract with customers</u>
On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.
The standard permits two possible methods of transition:

- <u>Retrospective approach</u> - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the Cumulative catch-up transition method and accordingly, comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is being ascertained.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

4.14 First time Ind AS adoption reconciliation

Reconciliation between Previous GAAP and Ind AS

Particulars	Note No.	March 31, 2017			April 01, 2016		
		Previous GAAP*	Adjustments	As per Ind AS Balance Sheet	Previous GAAP*	Adjustments	As per Ind AS Balance Sheet
ASSETS							
Non-Current Assets							
Property, Plant and Equipment	1	3,944	-	3,944	5,001	-	5,001
Other Intangible Assets	1	249	-	249	387	-	387
Financial Assets							
Investments	2	33,491	6,987	40,478	33,326	3,992	37,318
Loans		379	-	379	789	-	789
Others		3,281	-	3,281	3,251	-	3,251
Deferred Tax Assets (Net)		1,470	-	1,470	1,242	-	1,242
Other Non-Current Assets		7,907	-	7,907	4,683	-	4,683
Total Non-Current Assets		**50,721**	**6,987**	**57,708**	**48,679**	**3,992**	**52,671**
Current Assets							
Inventories		22,635	(1,062)	21,573	23,118	(1,062)	22,056
Financial Assets							
Trade Receivables		23,781	-	23,781	23,643	-	23,643
Cash and Cash Equivalents		8,784	-	8,784	8,368	-	8,368
Bank balance other than above		19,027	-	19,027	17,025	-	17,025
Loans		50,182	-	50,182	47,576	-	47,576
Others	4	195	194	389	257	184	441
Current Tax Assets (Net)		2,252	-	2,252	6,143	-	6,143
Other Current Assets		7,518	-	7,518	1,842	-	1,842
Total Current Assets		**134,373**	**(868)**	**133,506**	**127,972**	**(878)**	**127,094**
Total Assets		**185,094**	**6,119**	**191,214**	**176,651**	**3,114**	**179,765**
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		4,040	-	4,040	4,040	-	4,040
Other Equity		165,231	6,119	171,348	160,699	4,330	165,029
Total Equity		**169,271**	**6,119**	**175,388**	**164,739**	**4,330**	**169,069**
Current Liabilities							
Financial Liabilities							
Trade Payables		9,546	-	9,546	7,257	-	7,257
Other Financial Liabilities		2,802	-	2,802	1,378	-	1,378
Other Current Liabilities		3,394	-	3,394	3,130	(1,216)	1,914
Provisions		84	-	84	147	-	147
Total Current Liabilities		**15,826**	-	**15,826**	**11,912**	**(1,216)**	**10,696**
Total Equity and Liabilities		**185,094**	**6,119**	**191,214**	**176,651**	**3,114**	**179,765**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

Reconciliation of other equity as on March 31 ,2017 and April 1,2016

Particulars	Note No.	March 31, 2017 (End of last period presented under previous GAAP)	April 01, 2016 (Date of transition)
Other Equity under Previous GAAP		**165,231**	**160,699**
Increase / (Decrease):			
Fair value of Non Current Investments	2	6,987	3,873
Reversal of Impairment of Investments		-	119
Reversal of Capital Reserve to Inventory		(1,062)	(1,062)
Reversal of Proposed Dividend and Distribution of Tax		-	1,216
Effect of measuring financial instruments at fair value	4	194	184
Reclassification of Actuarial gains/(losses), arising in respect of employee benefits	3 & 5	573	-
Other Comprehensive Income	3 & 5	(573)	-
Total Adjustment to Equity		**6,119**	**4,330**
Other Equity as reported under Ind AS		**171,348**	**165,029**

Reconciliation of total comprehensive income for the year ended March 31,2017

Particulars	Note No.	Year Ended March 31, 2017 (End of last period presented under previous GAAP)		
		Previous GAAP*	Adjustments	As per Ind AS Balance Sheet
INCOME				
Revenue from Operations	4	161,117	194	161,311
Other Income	2	11,590	2,994	14,584
Total Income		**172,707**	**3,188**	**175,895**
EXPENSES				
Cost of material consumed		85,905	-	85,905
(Increase)/Decrease in stock of work in progress		903	-	903
Excise Duty		17,388	-	17,388
Processing Charges		20,336	-	20,336
Manufacturing and other expenses		22,886	-	22,886
Employee Benefits Expense	3 & 5	20,796	(455)	20,341
Depreciation and Amortization		1,774	-	1,774
Total Expenses		**169,989**	**(455)**	**169,533**
Profit / (Loss) before exceptional items and tax		**2,718**	**3,643**	**6,362**
Net Profit / (Loss) before Tax		**2,718**	**3,643**	**6,362**
Tax Expense:				
Current tax		1,000	-	1,000
Current tax (relating to prior years)		(2,585)	-	(2,585)
Deferred tax	3 & 5	(227)	(117)	(344)
Profit/ (Loss) for the period		**4,530**	**3,760**	**8,291**

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31,2017

Particulars	Note No.	Year Ended March 31, 2017 (End of last period presented under previous GAAP)		
		Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities		(1,291)	-	(1,291)
Net cash flow from investing activities		2,715	-	2,715
Net cash flow from financing activities		(1,010)	-	(1,010)
Net increase/(decrease) in cash and cash equivalents		**416**	**-**	**416**
Cash and cash equivalents as at April 01, 2016		8,368	-	8,368
Cash and Cash equivalents as at March 31, 2017		**8,784**	**-**	**8,784**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Foot Notes for Ind AS Adjustments

Note 1: Property, Plant and Equipment

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of it's Property, Plant and Equipments and Intangibles recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as it's deemed cost as at the date of transition.

Note 2: Non current investments - Investments in equity instruments

(a) Investment in subsidiaries:-

Under Ind AS, a first- time adopter can measure investments in subsidiary at cost determined in accordance with Ind AS 27 at deemed cost. The deemed cost of the investment can be the fair value of the investment at the transition date or the previous GAAP carrying amount. The Company has opted to value it's investments in Gujarat Poly Electronics Limited. at cost determined in accordance with Ind AS 27.

(b) Investment in Other companies:-

Under previous GAAP, non current investment in equity instruments of other companies were measured at cost less provision for dimunition (other than temporary). Under Ind AS, the Company has recognized such investments at FVTPL. On the date of transition to Ind AS, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under previous GAAP, has resulted in increase in the carrying amount of these investments which has been recognized in the Statement of Profit and Loss.

(c) Investments in Mutual funds:-

Under previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these investments have been classified as FVTPL on the date of transition. The fair value changes are recognized in Statement of Profit and Loss.

Note 3: Defined benefit obligations

Under previous GAAP, actuarial gains and losses were recognized in Statement of Profit and Loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognized in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of profit or loss.

Note 4: Derivative Instruments - Forward contracts

Under previous GAAP, there is concept of deferred premium/discount which is recognized based on the difference between spot rate and forward rate and amortized over the tenure of the forward contract. Under Ind AS, forward contract is required to be accounted at fair value. Accordingly, the Company has reversed deferred premium outstanding in the books of accounts.

Note 5: Other Comprehensive income

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, items of income or expense that are not recognized in the Statement of Profit and Loss are recognised as "other comprehensive income" which includes remeasurement of defined benefit plans.

For and on behalf of the Board of Directors

Tanil R. Kilachand	Chairman (DIN No.: 00006659)
Parthiv T. Kilachand	Managing Director (DIN No.: 00005516)
Atul H. Mehta	Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara	Chief Financial Officer
Deepali V. Chauhan	Company Secretary & Compliance Officer

Place: Mumbai **Date:** May 30, 2018 **Place:** Mumbai **Date:** May 30, 2018

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 it's subsidiary (the Holding Company and it's subsidiary collectively referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity 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 these consolidated financial statements in terms of requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income) , consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and the relevant provisions of the Act.

The respective Governing Bodies of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 and other applicable pronouncements issued by the Institute of Chartered accountants of India (ICAI). Those Standards and pronouncements require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence by other auditor in terms of their report referred to in sub paragraph (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor of subsidiary the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, their consolidated profit (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

We did not audit financial statements of the subsidiary company whose financial statements reflects total assets of Rs. 89,682 (Rs. in ‘000) as on March 31, 2018, total revenue of Rs. 1,44,963 (Rs. in ‘000) and net cash flows of Rs. 621 (Rs. in ‘000) for the year ended on that date, as considered in the preparation of consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of Section 143(3) of the Act, in so far it relates to aforesaid subsidiary company, is based solely on the reports of the other auditor.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditor of subsidiary as noted in the “other matter” paragraph we report, to the extent applicable, 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 and the report of the other auditor;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit & Loss (including other comprehensive income), the Consolidated Cash flows and Consolidated Statement of Changes in Equity 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of it’s subsidiary company incorporated in India, none of the directors of Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director of that company in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in “Annexure A”; and With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor of subsidiary as noted in the “Other matter” paragraph:

    i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note no.4.02 to the consolidated financial statements;

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

    iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and it’s Subsidiary company incorporated in India.

For NAYAN PARIKH & CO.
Chartered Accountants
Firm Registration No.107023W

K. Y. NARAYANA
Partner
Membership No. 060639

Place: Mumbai
Date: May 30, 2018

"ANNEXURE A" TO THE AUDITOR'S REPORT

"Annexure A" referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's report of even date, to the members of Polychem Limited (the Holding Company) on the consolidated financial statements for the year ended March 31, 2018

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 Holding Company as of and for the year ended March 31, 2018, we have audited the internal financial controls with reference to financial statements of **POLYCHEM LIMITED** ("the Holding Company") and it's subsidiary company which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and it's subsidiary company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Holding Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("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 it's business, including adherence to respective 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 Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and Standards on Auditing specified under sub-section (10) of section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 and the audit evidence obtained by the other auditor in terms of their report referred to in the "Other matter" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to financial statement.

Meaning of Internal Financial Controls with reference to Financial Statements

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

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

Opinion

In our opinion, the Holding Company and it's Subsidiary company which are incorporated in India have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018 based on the internal controls with reference to financial statements criteria established by the Holding Company, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

Other Matters

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

For NAYAN PARIKH & CO.
Chartered Accountants
Firm Registration No.107023W

K. Y. NARAYANA
Partner
Membership No. 060639

Place: Mumbai
Date: May 30, 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

All amounts are in '000 unless otherwise stated

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current Assets				
Property, plant and equipment	2.01	22,043	21,550	24,548
Other Intangible assets	2.02	276	426	806
Financial assets				
Investments	2.03	30,618	28,965	25,852
Loans	2.04	435	379	789
Other financial assets	2.05	1,672	3,766	3,705
Deferred tax assets (Net)	2.06	1,154	1,470	1,242
Other non-current assets	2.07	5,886	7,925	4,694
Total non-current assets		**62,084**	**64,481**	**61,636**
Current Assets				
Inventories	2.08	50,288	54,028	51,485
Financial Assets				
Trade receivables	2.09	72,764	53,780	54,416
Cash and cash equivalents	2.10	15,463	11,013	11,881
Bank balances other than cash and cash equivalents	2.11	16,078	19,079	17,077
Loans	2.04	1,156	594	737
Other financial assets	2.05	135	408	460
Current tax assets (Net)	2.12	1,653	2,252	6,143
Other current assets	2.07	4,996	10,658	4,427
Total current assets		**162,533**	**151,812**	**146,626**
Total assets		**224,617**	**216,293**	**208,262**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	2.13	4,040	4,040	4,040
Other Equity	2.14	182,767	181,849	192,633
Equity attributable to owners of the company		**186,807**	**185,889**	**196,673**
Non - Controlling Interest		(31,537)	(34,517)	(50,701)
Total equity		**155,270**	**151,372**	**145,972**
Liabilities				
Non-current liabilities				
Provisions	2.15	1,900	1,851	2,027
Total non-current liabilities		**1,900**	**1,851**	**2,027**
Current Liabilities				
Financial Liabilities				
Trade payables		22,707	17,682	19,403
Other financial liabilities	2.16	32,812	34,124	32,700
Other current liabilities	2.17	10,379	9,551	6,983
Provisions	2.15	1,549	1,712	1,177
Total current liabilities		**67,447**	**63,070**	**60,263**
Total equity and liabilities		**224,617**	**216,293**	**208,262**

Summary of significant accounting policies 1

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K.Y.Narayana
Partner
Membership No.: 060639
Place: Mumbai **Dated:** May 30, 2018

For and on behalf of the Board of Directors

Tanil R. Kilachand	Chairman (DIN No.: 00006659)
Parthiv T. Kilachand	Managing Director (DIN No.: 00005516)
Atul H. Mehta	Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara	Chief Financial Officer
Deepali V. Chauhan	Company Secretary & Compliance Officer

Place: Mumbai **Dated:** May 30, 2018

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

Particulars	Note No.	Year Ended March 31 2018	Year Ended March 31 2017
Income			
Revenue from operations (Gross)	3.01	312,340	284,737
Other Income	3.02	3,387	9,425
Total Income		**315,727**	**294,162**
EXPENSES			
Cost of materials consumed	3.03	103,646	86,721
Purchase of stock-in-trade	3.04	86,612	81,839
Changes in inventories of stock-in-trade	3.05	1,771	(2,034)
Excise duty		4,806	17,740
Processing charges		22,277	20,810
Manufacturing and other expenses	3.06	43,163	38,890
Employee benefits expense	3.07	44,919	41,298
Finance costs	3.08	-	13
Depreciation and amortization expense	3.09	2,919	2,965
Total Expenses		**310,113**	**288,242**
Profit / (Loss) before tax		**5,614**	**5,920**
Tax expenses	3.10		
Current tax (for the year)		-	1,000
Current tax (relating to prior years)		76	(2,585)
Deferred tax		271	(344)
		347	**(1,929)**
Profit/ (Loss) for the period		**5,267**	**7,850**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		37	(882)
Income tax relating to items that will not be reclassified to profit or loss		44	117
		(7)	(999)
	3.10	-	-
Total other comprehensive income		(7)	(999)
Total comprehensive income for the period		**5,260**	**6,851**
Profit/(Loss) attributable to:			
Owners of the parent		2,293	8,054
Non - Controlling Interest		2,974	(204)
Other comprehensive income/(Loss) attributable to:			
Owners of the parent		(7)	(999)
Non - Controlling Interest		-	-
Total comprehensive income/(Loss) attributable to:			
Owners of the parent		2,286	7,055
Non - Controlling Interest		2,974	(204)
Earnings per equity share			
Basic (in Rs.)		13.05	19.43
Diluted (in Rs.)		13.05	19.43
Summary of significant accounting policies	1		

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date	For and on behalf of the Board of Directors	
For Nayan Parikh & Co.	**Tanil R. Kilachand**	Chairman (DIN No.: 00006659)
Chartered Accountants	**Parthiv T. Kilachand**	Managing Director (DIN No.: 00005516)
Firm Registration No.: 107023W	**Atul H. Mehta**	Dy. Managing Director (DIN No.: 00005523)
K.Y.Narayana	**Kanan V. Panchasara**	Chief Financial Officer
Partner	**Deepali V. Chauhan**	Company Secretary & Compliance Officer
Membership No.: 060639		
Place: Mumbai **Dated:** May 30, 2018	**Place:** Mumbai **Dated:** May 30, 2018	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Cash flow from operating activities		
Profit before income tax	**5,614**	**5,920**
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	2,919	2,965
Dividend Income	(41)	(35)
Gratuity & Leave Encashment Provision	520	543
Interest Income	(1,480)	(2,106)
Loss by fire	-	54
Provision for bonus	(14)	-
Amount no longer payable written back	(50)	(158)
Amount Written off	190	236
Write off of stores and spares	4,521	-
Allowance for bad & doubtful Debts (Net)	1,230	1,112
Change in fair value of financial assets through profit or loss	(1,651)	(3,113)
MTM loss on swap	-	(184)
Unrealised foreign exchange loss / (gain)	(773)	(882)
Gain/Loss on disposal of property, plant and equipment	-	1,163
Other Income	-	(10)
	10,985	**5,505**
Change in operating assets and liabilities :		
Decrease/(increase) in trade receivables	(20,234)	(669)
Decrease/(increase) in inventories	(783)	(2,597)
Increase/(decrease) in other financial assets	350	(71)
Decrease/(increase) in other non-current assets	2,621	(3,412)
Decrease/(increase) in other current assets	5,609	(6,230)
Increase/(decrease) in trade payables	5,850	(677)
Increase/(decrease) in provisions	(99)	359
Increase/(decrease) in Loans	(235)	44
Increase/(decrease) in other current liabilities	345	1,097
Increase/(decrease) in other financial liabilities	(1,408)	1,424
Cash generated from operations	3,001	(5,227)
Direct taxes paid (net of refunds)	(174)	5,451
Net cash flow from/(used in) operating activities (A)	**2,827**	**224**
Cash flow from investing activities		
Payments for acquisition of property, plant and equipment	(3,263)	(1,333)
Inter corporate deposits given	(285)	-
Loans to employees and others	(98)	509
Regulatory fees paid for acquisition of shares	(150)	(50)
Proceeds from sale of property, plant and equipment	1	583
Fixed deposits withdrawn from bank	5,095	(2,002)
Interest received	1,403	2,175
Dividend received	41	35
Net cash flow from/(used in) investing activities (B)	**2,744**	**(83)**
Cash flows from financing activities		
Dividend Paid	**(1,121)**	**(1,010)**
Net cash flow from/(used in) in financing activities (C)	**(1,121)**	**(1,010)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31, 2018	2017
Net increase/(decrease) in cash and cash equivalents (A+B+ C)	**4,450**	**(869)**
Cash and cash equivalents at the beginning of the year	11,065	11,933
Cash and cash equivalents at the end of the year	**15,515**	**11,065**
Reconciliation of cash and cash equivalents as per the cash flow statement :		
Cash and cash equivalents		
Balances with banks:		
On current accounts	10,566	4,713
Deposits with original maturity of less than 3 months	4,897	6,300
Security deposit with HDFC	52	52
Balance as per the cash flow statement :	**15,515**	**11,065**

Note: Above statement has been prepared by using Indirect method as per Ind AS - 7 on Statement of Cash flows

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K.Y.Narayana
Partner
Membership No.: 060639

Place: Mumbai **Dated:** May 30, 2018

For and on behalf of the Board of Directors

Tanil R. Kilachand	Chairman (DIN No.: 00006659)
Parthiv T. Kilachand	Managing Director (DIN No.: 00005516)
Atul H. Mehta	Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara	Chief Financial Officer
Deepali V. Chauhan	Company Secretary & Compliance Officer

Place: Mumbai **Dated:** May 30, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

Equity share capital	Amount
Balance as at April 1, 2016	**4,040**
Changes in equity share capital during the year	-
Balance as at March 31, 2017	**4,040**
Changes in equity share capital during the year	-
Balance as at March 31, 2018	**4,040**

Other Equity

Particulars	Attributable to owners of the Company							
	Reserves and Surplus							
	Securities Premium Account	General Reserve	Capital Redemption Reserve	Capital Reserve	Retained earnings	Amount attributable to Owners of the Holding Company	NCI	Total
Balance as at April 1, 2016	**142,437**	**206,993**	**5,000**	**51,004**	**(212,801)**	**192,633**	**(50,701)**	**141,932**
Profit for the year	-	-	-	-	8,054	8,054	(204)	7,850
Other comprehensive income	-	-	-	-	(999)	(999)	-	(999)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**7,054**	**7,054**	**(204)**	**6,850**
Recognition of capital reserve	-	-	-	(16,439)	-	(16,439)	-	(16,439)
Non Controlling Interest due to change in Stake	-	-	-	-	-	-	16,388	16,388
Dividend	-	-	-	-	(1,010)	(1,010)	-	(1,010)
Dividend Distribution Tax paid	-	-	-	-	(206)	(206)	-	(206)
Reversal of MTM	-	-	-	-	(184)	(184)	-	(184)
Balance as at April 1, 2017	**142,437**	**206,993**	**5,000**	**34,565**	**(207,146)**	**181,849**	**(34,517)**	**147,332**
Profit for the year	-	-	-	-	2,293	2,293	2,974	5,267
Other comprehensive income	-	-	-	-	(7)	(7)	-	(7)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,286**	**2,286**	**2,974**	**5,260**
Loss on acquisition of shares of Gujarat Poly Electronics Limited	-	-	-	(150)	-	(150)	-	(150)
Dividend	-	-	-	-	(1,010)	(1,010)	-	(1,010)
Dividend Distribution Tax paid	-	-	-	-	(206)	(206)	-	(206)
Balance as at March 31, 2018	**142,437**	**206,993**	**5,000**	**34,415**	**(206,076)**	**182,767**	**(31,537)**	**151,230**

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K.Y.Narayana
Partner
Membership No.: 060639
Place: Mumbai **Dated:** May 30, 2018

For and on behalf of the Board of Directors
Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer
Place: Mumbai **Dated:** May 30, 2018

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

These significant accounting policies and notes to accounts form part of the Consolidated financial statements for the year ended March 31, 2018. The Consolidated financial statements comprises of Polychem Limited (the "Company") and it's subsidiary (Gujarat Poly Electronics Limited (formerly known as Gujarat Poly-AVX Electronics Limited)) (collectively the "Group")

Background

Polychem Limited ("the Company") 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 domiciled in India and is listed on the Bombay Stock Exchange (BSE).

Authorization of consolidated financial statements

The consolidated financial statements were authorized for issue in accordance with a resolution of the directors on May 30, 2018.

1.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the presentation of these consolidated financial statements.

1.01 BASIS OF PREPARATION

(i) Compliance with Ind AS:

The consolidated financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), and relevant rules issued thereunder. In accordance with proviso to the Rule 4A of the Companies (Accounts) Rules, 2014, the terms used in these financial statements are in accordance with the definitions and other requirements specified in the applicable Accounting Standards.

The consolidated financial statements up to year ended March 31, 2017 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These consolidated financial statements are the first consolidated financial statements of the group under Ind AS. Refer note 4.14 for an explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows. The date of transition to Ind AS is April 1, 2016.

(ii) Historical cost convention:

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) is measured at fair value; and
- defined benefit plans – plan assets measured at fair value.

1.02 ROUNDING OF AMOUNTS

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousands, except where otherwise indicated.

1.03 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset as current if it is:

a) Expected to be realised or intended to be sold or consumed in the normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle,

b) It is held primarily for the purpose of trading,

c) It is due to be settled within twelve months after the reporting period, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the normal operating cycle. Based on the nature of operations, the Group has ascertained it's operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

1.04 USE OF JUDGEMENTS, ESTIMATES & ASSUMPTIONS

While preparing consolidated financial statements in conformity with Ind AS, the management makes certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. The management continually evaluates these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as below:

Key sources of estimation uncertainty

a) Financial instruments; (Refer note 4.07)

b) Useful lives of property, plant and equipment and intangible assets; (Refer note 1.06)

c) Valuation of inventories; (Refer note 1.10)

d) Assets and obligations relating to employee benefits; (Refer note 4.04)

e) Evaluation of recoverability of deferred tax assets; (Refer note 2.06) and

f) Contingencies. (Refer note 4.02)

Critical accounting judgments:

The Company has equity stake in it's subsidiary for strategic reasons concerning it's operation. The relationship with these entities have been determined based on principles laid down in Ind AS 110 - Consolidated Financial Statements.

1.05 FOREIGN CURRENCY TRANSACTIONS

(i) Functional and presentation currency:

The group's consolidated financial statements are prepared in INR, which is also the group's functional and presentation currency.

(ii) Transactions and balances:

Monetary items

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss.

Non - Monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.06 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises it's purchase price, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Stores & Spares which meet the definition of property, plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.

Depreciation on Property, plant and equipment:

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

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

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

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

1.07 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised on straight line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each year end. The amortisation expense on Intangible assets with finite lives and impairment loss is recognised in the Statement of Profit and Loss.

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

Amortisation of intangible assets:

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

1.08 IMPAIRMENT OF ASSETS

Carrying amount of tangible assets, intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group's assets (cash-generating units). Non - financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.09 LEASES

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

As a Lessee

Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.10 INVENTORIES

Inventories are valued as follows:

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

Property under development

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

1.11 CASH AND CASH EQUIVALENTS

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

1.12 PRICIPLES OF CONSOLIDATION

Subsidiary:

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from it's involvement with the entity and has the ability to affect those returns through it's power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and it's subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

1.13 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group becomes a party to the contractual provisions of the instruments.

Initial Recognition and Measurement – Financial Assets and Financial Liabilities

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Amortised Cost:

A financial asset is classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTOCI:

A financial asset is classified and measured at FVTOCI if both of the following conditions are met.

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTPL:

A financial asset is classified and measured at FVTPL unless it is measured at amortised cost or at FVTOCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of Financial Assets

The group assesses on a forward looking basis the expected credit losses associated with it's assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Classification and Subsequent measurement: Financial Liabilities

The group financial liabilities include trade payables and other financial liabilities.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL.

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

Other Financial Liabilities:

Other financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Assets and Financial Liabilities:

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. If the group enters into transactions whereby it transfers assets recognised on it's Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting Financial Instruments:

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

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a current pre-tax rate. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed in the case of:

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

Contingent Assets is disclosed when inflow of economic benefits is probable.

1.15 REVENUE RECOGNITION:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns and allowances, trade discounts and volume rebates but does not include value added tax (VAT), central sales tax (CST) and Goods and service Tax (GST).

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Interest:

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

Dividend:

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

1.16 TAXES ON INCOME

Current Tax:

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments/appeals.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the group have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

1.17 EMPLOYEE BENEFITS

a) Short-term obligations:

Short term employee benefits are recognised as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

b) Post-employment obligations:

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund.

Gratuity obligations:

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

Defined contribution plans

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

c) Other long-term employee benefit obligations

The liabilities for leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur..

1.18 EARNINGS PER SHARE (EPS)

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is adjusted for after income tax effect of interest and other financing cost associated with dilutive potential equity shares and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.19 SEGMENT REPORTING

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. 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 group as a whole and are not allocable to segments on a reasonable basis, have been included under “ Unallocated expenses”.

1.20 CHANGE IN RELATIONSHIP OF GUJARAT POLY ELECTRONICS LIMITED FROM ASSOCIATE TO SUBSIDIARY

The Company has equity stake in Gujarat Poly Electronics Limited for strategic reasons. The relationship has been determined based on principles laid down in Ind AS 110 - Consolidated financial statements. Accordingly Gujarat Poly Electronics Limited is considered as subsidiary.

1.21 FIRST TIME ADOPTION - MANDATORY EXCEPTIONS, OPTIONAL EXEMPTIONS

Overall principle:

The group has prepared the opening consolidated Balance Sheet as per Ind AS as of the transition date by

- recognising all assets and liabilities whose recognition is required by Ind AS,
- not recognising items of assets or liabilities which are not permitted by lnd AS,
- by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and
- applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to the certain exception and certain optional exemptions availed by the group as detailed below.

Deemed cost for Property, Plant and Equipment and intangible assets:

The Group has elected to continue with the carrying value of all of it’s Property, Plant and Equipment and intangible assets recognised as of the transition date measured as per the previous GAAP and use that carrying value as it’s deemed cost as of the transition date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

2.01 Property, plant and equipment

	Gross Carrying Amount				Depreciation / Impairment				Net Block	
	As at April 1, 2017	**Addition**	**Disposal**	**As at March 31, 2018**	**As at April 1, 2017**	**For the Year**	**Elimination on disposal**	**As at March 31, 2018**	**As at March 31, 2018**	**As at March 31, 2017**
Own Assets:										
Plant and Machinery	11,360	63	-	11,423	368	297	-	665	10,758	10,993
Air conditioners	-	-	-	-	-	-	-	-	-	-
Laboratory equipments	487	-	-	487	126	93	-	220	267	361
Furniture & Fixtures	907	22	-	929	226	171	-	397	531	679
Electric Installations	311		-	311	2	-	-	2	310	310
Computers	1,054	670	37	1,687	416	507	36	887	799	638
Office Equipments	1,282	223	-	1,505	359	316	-	675	830	923
Building - Factory	4,813		-	4,813	537	537	-	1,074	3,739	4,276
Motor Vehicles	1,219	2,237	-	3,455	351	731	-	1,082	2,374	868
Leasehold Improvements	2,614	-	-	2,614	113	68	-	181	2,433	2,501
Total	**24,047**	**3,215**	**37**	**27,224**	**2,498**	**2,720**	**36**	**5,183**	**22,043**	**21,550**

	Gross Carrying Amount				Depreciation / Impairment				Net Block	
	Deemed cost as at April 1, 2016	**Addition**	**Disposal**	**As at March 31, 2017**	**As at April 1, 2016**	**For the Year**	**Elimination on disposal**	**As at March 31, 2017**	**As at March 31, 2017**	**As at March 31, 2016**
Own Assets:										
Plant and Machinery	12,762	49	1,451	11,360	-	368	-	368	10,993	12,762
Air conditioners	296		296	-	-		-	-	-	296
Laboratory Equipments	487	-	-	487	-	126	-	126	361	487
Furniture & Fixtures	886	21	-	907	-	226	-	226	679	886
Electric Installations	303	8	-	311	-	2	-	2	310	303
Computers	534	520	-	1,054	-	416	-	416	638	534
Office Equipments	635	647	-	1,282	-	359	-	359	923	635
Building - Factory	4,813		-	4,813	-	537	-	537	4,276	4,813
Motor Vehicles	1,219	-	-	1,219	-	351	-	351	868	1,219
Leasehold Improvements	2,614	-	-	2,614	-	113	-	113	2,501	2,614
Total	**24,549**	**1,245**	**1,747**	**24,047**	**-**	**2,498**	**-**	**2,498**	**21,550**	**24,548**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

2.02 Other Intangible Assets

	Gross Carrying Amount				Amortisation / Impairment				Net Block	
	As at April 1, 2017	Addition	Disposal	As at March 31, 2018	As at April 1, 2017	For the Year	Elimination on disposal	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Software	893	48	-	941	467	198	-	665	276	426
Total	**893**	**48**	**-**	**941**	**467**	**198**	**-**	**665**	**276**	**426**

	Gross Carrying Amount				Amortisation / Impairment				Net Block	
	Deemed cost as at April 1, 2016	Addition	Disposal	As at March 31, 2017	As at April 1, 2016	For the Year	Elimination on disposal	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Software	806	87	-	893	-	467	-	467	426	806
Total	**806**	**87**	**-**	**893**	**-**	**467**	**-**	**467**	**426**	**806**

Notes: Range of remaining period of amortisation of Intangible Assets is as below:

	With in One year	2 to 5 years	Exceeding 5 years	Total WDV
Softwares	153	114	9	276
	153	**114**	**9**	**276**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

2.03 Non-current Investments

All amounts are in '000 unless otherwise stated

	Face value per unit	As at March 31, 2018 Qty	2018 Amount	2017 Qty	2017 Amount	As at April 1, 2016 Qty	2016 Amount
Investments in Equity Instruments (fully paid-up)							
Quoted							
Investment in other companies (FVTPL)							
Great Eastern Shipping Company Limited	10	600	198	600	250	600	186
State Bank of India	1	1,050	262	1,050	307	1,050	204
HDFC Limited	2	500	913	500	751	500	553
ICICI Bank Limited	2	962	268	875	242	875	207
IDFC Limited	10	800	39	800	44	800	32
IDFC Bank Limited	10	800	38	800	47	800	39
ITC Limited	1	1,800	460	1,800	505	1,200	394
Larsen & Toubro Limited	2	585	767	390	615	390	474
Adani Port Sp. Eco. Zone Limited	2	1,500	531	1,500	510	1,500	372
Reliance Industries Limited	10	584	515	292	385	292	305
DCM Limited	10	1	*	1	*	1	*
DCM Shriram Industries Limited	10	6	1	6	2	6	1
	(A)	**9,188**	**3,992**	**8,614**	**3,659**	**8,014**	**2,766**
Unquoted							
Investment in other companies							
Crescent Finstock Limited	10	9	*	9	*	9	*
Mafatlal Dyes & Chemicals Limited	10	62	1	62	1	62	1
	(B)	**71**	**1**	**71**	**1**	**71**	**1**
Investments in Mutual Fund (FVTPL)							
HDFC Floating Rate Income Fund (Growth)	10	218,652	6,613	218,652	6,181	218,652	5,695
HDFC - STP (Growth)	10	293,417	10,103	293,417	9,510	293,417	8,682
DSP Black Rock - SBF - Institutional Plan (Growth)	10	4,905	9,909	4,905	9,614	4,905	8,708
	(C)	**516,974**	**26,625**	**516,974**	**25,305**	**516,974**	**23,085**
Total (A + B + C)		**526,233**	**30,618**	**525,659**	**28,965**	**525,059**	**25,852**

	2018	2017	2016
Aggregate book value of quoted investments	3,992	3,659	2,766
Aggregate market value of quoted investments	3,992	3,659	2,766
Aggregate amount of unquoted investments	26,625	25,305	23,085
Aggregate amount of impairment in value of investments	-	-	-

Category-wise other investments - as per Ind AS 109 classification :

	As at March 31, 2018	2017	As at April 1, 2016
Financial assets carried at fair value through profit or loss (FVTPL)			
Mandatorily measured at FVTPL (equity shares)	3,993	3,660	2,767

*Amounts below Rs. 500/-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

2.04 Loans

		Non - Current			Current		
		As at March 31,		As at April 1,	As at March 31,		As at April 1,
		2018	2017	2016	2018	2017	2016
Loans to employees							
Unsecured, considered good unless stated otherwise		435	379	789	596	319	363
	(A)	**435**	**379**	**789**	**596**	**319**	**363**
Other Loans							
Unsecured, considered good unless stated otherwise							
Inter corporate deposit		-	-	-	560	275	374
	(B)	**-**	**-**	**-**	**560**	**275**	**374**
Total (A + B)		**435**	**379**	**789**	**1,156**	**594**	**737**

2.05 Other Financial Assets

	Non - Current			Current		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2018	2017	2016	2018	2017	2016
Security deposits	1,672	1,672	1,611	-	-	-
Forward Contract - Asset	-	-	-	-	194	184
Bank deposits with more than 12 months maturity	-	2094	2,094	-	-	-
Accrued Interest On Deposits with Bank	-	-	-	135	214	274
Dividend Receivable	-	-	-	-	-	2
Total	**1,672**	**3,766**	**3,705**	**135**	**408**	**460**

2.06 Deferred Tax Assets (Net)

	As at March 31,		As at April 1,
	2018	2017	2016
Deductible temporary differences			
Unabsorbed Depreciation as per Income Tax	1,154	1,357	1,242
Defined benefit obligation	-	113	-
Net deferred tax asset/ (liabilities)	**1,154**	**1,470**	**1,242**

The Company has substantial unused tax losses and unused tax credits. The deferred tax assets relating to such deductible temporary differences, carry forward unused tax losses and carry forward unsed tax credits is significantly higher than deferred tax liabilities. On conservative approach, the Company has recognized deferred tax assets on unabsorbed depreciation only to the extent of it's deferred tax liabilities.

Unrecognised deductible temporary differences, unused tax losses and unused tax credits on which deferred tax assets has not been recognised

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	Indefinite	Total
Tax Losses :							
Unabsorbed depreciation	-	-	-	-	-	104,670	**104,670**
Business losses	-	13,106	14,513	-	-	-	**27,619**
Total	**-**	**13,106**	**14,513**	**-**	**-**	**104,670**	**132,289**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

2.07 Other Assets	Non - Current			Current		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2018	2017	2016	2018	2017	2016
Prepaid expenses	48	48	392	630	745	317
Advance for expenses				-	-	50
Staff Advances	-	-	-	468	791	764
Balances with Statutory Authorities:						
Income Tax (net of provisions)	1,680	983	873	-	-	-
VAT Receivable	4,117	6,853	3,396	-	-	-
Others		-	-	3,704	8,870	3,154
Other Advances	41	41	33	-	-	-
Sundry Advances	-	-	-	194	252	142
Total	**5,886**	**7,925**	**4,694**	**4,996**	**10,658**	**4,427**

2.08 Inventories	As at March 31,		As at April 1,
	2018	2017	2016
Raw Materials	5,737	4,873	4,498
Property Development	15,880	15,730	15,602
Finished Goods	3,970	5,591	6,728
Stock-in-Trade	19,402	19,125	15,019
Work in progress	3,117	3,695	4,758
Stores and spares	290	4,844	4,809
Packing Materials	10	12	32
Goods in transit	1,882	158	39
Total	**50,288**	**54,028**	**51,485**

2.09 Trade Receivables	Current		
	As at March 31,		As at April 1,
	2018	2017	2016
Unsecured, considered good	72,764	53,780	54,416
Doubtful	4,575	3,345	2,233
	77,339	**57,125**	**56,649**
Allowance for doubtful debts (expected credit loss)	4,575	3,345	2,233
Total	**72,764**	**53,780**	**54,416**

2.10 Cash and Cash Equivalent	As at March 31,		As at April 1,
	2018	2017	2016
Balances with banks:			
On current accounts	10,566	4,713	7,081
Deposits with original maturity of less than 3 months*	4,897	6,300	4,800
Total	**15,463**	**11,013**	**11,881**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

2.11 Bank balances other than cash and cash equivalents	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deposits with original maturity for more than 3 months but less than 12 months*	16,078	19,079	17,077
Total	**16,078**	**19,079**	**17,077**

*Marked under lien in favour of banks

Lien marked on Deposit of Rs. 4,100('000) for obtaining forward contract exposure with HDFC Bank in respect of trade receivables.

Lien marked on Deposit of Rs. 125('000) for issuance of guarantee in favoring of Regional Officer, Maharashtra Pollution Control Board, Kalyan.

Lien marked on Deposit of Rs. 500('000) for issuance of Corporate Expense card by HDFC Bank.

2.12 Current Tax Assets (Net)	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance income tax (Net of Provisions)	1,653	2,252	6,143
Total	**1,653**	**2,252**	**6,143**

2.13 Equity Share Capital	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Paid up Capital			
4,04,045 (March 31, 2018: 4,04,045) Equity shares of Rs. 10/- each (fully paid up)	4,040	4,040	4,040
Total fully paid-up share capital	**4,040**	**4,040**	**4,040**

a. Reconciliation of shares outstanding as at the beginning and at the end of the reporting period:

(Separate reconciliation should be prepared for each *Class of Shares)*

Equity Shares	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	404,045	4,040	404,045	4,040	404,045	4,040
Movement during the year	-	-	-	-	-	-
Outstanding at the end of the period	**404,045**	**4,040**	**404,045**	**4,040**	**404,045**	**4,040**

b. Rights, preference and restrictions attached to shares:

Equity Shares

The Company has one class of equity shares having a par value 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.

c. Details of share holders holding more than 5% shares in the company

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Equity shares of Rs. 10 each fully paid						
Name of the Shareholder						
Virsun Investments Private Limited	80,802	19.99%	80,802	19.99%	80,802	19.99%
Highclass Trading Private Limited	39,842	9.86%	39,840	9.86%	39,840	9.86%
Rasayani Traders Private Limited	-	0.00%	-	0.00%	49,990	12.37%
Masuma Tradecorp Private Limited	59,987	14.85%	59,987	14.85%	-	0.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

2.14 Other Equity

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
General reserve	206,993	206,993	206,993
Surplus in the Statement of Profit and Loss	(206,076)	(207,146)	(212,801)
Capital reserve	34,415	34,565	51,004
Securities Premium	142,437	142,437	142,437
Capital Redemption reserve	5,000	5,000	5,000
Total	**182,767**	**181,849**	**192,633**

Description of the nature and purpose of each reserve within equity is as follows:

(a) General Reserve:
The Company had transferred a portion of the net profit of the Company before declaring dividend to the general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve before declaration of dividend is not required under the Companies Act, 2013.

(b) Retained Earnings:
Retained earnings are the profits that the Company has earned till date and is net of amount transferred to other reserves such as general reserves, amount distributed as dividend and adjustments on account of transition to Ind AS.

(c) Securities Premium:
Securities premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures,write-off equity related expenses like underwriting costs.

(d) Capital Redemption Reserve:
The Capital Redemption Reserve is created on redemption of 13.5% 50,000 Redeemable Cumulative Preference Shares of Rs.100/- in the Financial Year 2007-2008 pursuant to Section 80 of the Companies Act, 1956.

(e) Capital Reserve:
Capital reserve is created when the share capital of the subisidiary is in excess of the cost of investment in shares by holding company and the deficit thereof is debited to that extent as per Ind AS 110 for Consolidated financial statements.

2.15 Provisions

	Non Current			Current		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2018	2017	2016	2018	2017	2016
Leave Encashment (Unfunded Plans)	1,900	1,851	2,027	1,207	1,353	689
LTA Payable						
Bonus Payable	-	-	-	342	359	488
Total	**1,900**	**1,851**	**2,027**	**1,549**	**1,712**	**1,177**

2.16 Other Financial Liabilities

	Current		
	As at March 31,		As at April 1,
	2018	2017	2016
Preference Share Capital	31,322	31,322	31,322
Forward Contract - Liability	93	-	-
Unpaid Dividend	277	182	-
Other Liabilities	1,119	2,620	1,378
Total	**32,812**	**34,124**	**32,700**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

2.17 Other Liabilities	Current		
	As at March 31,		As at April 1,
	2018	2017	2016
Gratuity payables (Funded Plans)	4,833	3,254	2,760
Leave Encashment (Funded Plans)	221	236	40
Statutory Payables	2,824	2,120	740
Advance from Customers	85	71	262
Provision for Expenses	961	2,032	2,137
Leave travel allowance payable	1,455	1,838	1,044
Total	**10,379**	**9,551**	**6,983**

All amounts are in '000 unless otherwise stated

3.01 Revenue From Operations	Year ended March 31,	
	2018	2017
Revenue from operations		
Sale of products (Net sales)	301,739	262,324
Excise Duty	4,806	17,731
Other operating revenue		
Exchange gain/(loss) on foreign currency	3,065	2,270
Duty drawback received	1,542	1,894
Sale of scrap	7	154
Others	1,181	364
Total	**312,340**	**284,737**

3.02 Other Income	Year ended March 31,	
	2018	2017
Interest Income	1,644	6,107
Dividend Income	41	35
Fair value measurement of Investments	1,651	3,113
Other non - operating income		
Amount not payable written back	50	170
Other sundry Income	1	-
Total	**3,387**	**9,425**

3.03 Cost of Materials Consumed	Year ended March 31,	
	2018	2017
Opening Stock	4,873	4,498
Purchases	104,510	87,220
Less: Closing stock	(5,737)	(4,873)
Less: Loss by fire	-	(124)
Total	**103,646**	**86,721**

3.04 Purchases of Stock-in-trade	Year ended March 31,	
	2018	2017
Tantalum Capacitor	17,348	8,301
Ceramic Capacitors	69,153	73,433
Packing materials	111	105
Total	**86,612**	**81,839**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

3.05 Changes in Inventories of Stock-in-Trade	Year ended March 31, 2018	Year ended March 31, 2017
Finished Goods		
Opening Stock	5,591	6,728
Less: Closing Stock	(3,970)	(5,591)
	1,621	1,137
Work in process		
Opening Stock	3,695	4,758
Less: Closing Stock	(3,117)	(3,695)
	578	1,063
Trading Goods		
Opening Stock	19,125	15,019
Less: Closing Stock	(19,403)	(19,125)
	(278)	(4,106)
Property Development		
Opening Stock	15,730	15,602
Less: Closing Stock	(15,880)	(15,730)
	(150)	(128)
Total	**1,771**	**(2,034)**

3.06 Manufacturing and Other Expenses	Year ended March 31, 2018	Year ended March 31, 2017
Legal and professional fees	6,452	6,394
Selling & distributions expenses	4,837	4,683
Stores and Spares Write-off	4,521	-
Rent	3,165	2,861
Property Tax	2,451	-
Miscellaneous expenses	2,006	2,921
Conveyance & travelling expenses	1,932	2,457
Motor car expenses	1,892	2,011
Electric Power, oil fuel and water charges	1,303	1,291
Printing & Stationery expenses	1,237	1,516
Allowance for doubtful debts (expected credit loss)	1,230	1,112
Telephone expenses	1,114	996
Rates & taxes	1,089	1,671
Membership & subscription	1,062	882
Security service charges	884	904
General charges	809	630
Postage & courier expenses	672	779
Insurance charges	487	428
Factory expense	423	426
Director sitting fees	323	348
Advertisement expenses	229	158
Amount not recoverable written off	169	62
Land development expenses	149	128
ISO & certification expenses	118	136
Medical expenses	100	-
Interest on statutory dues	59	424
Donation	3	10
Loss by fire	-	54
Loss on sale of asset	-	1,163

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

		Year ended March 31, 2018	Year ended March 31, 2017
Repair & Maintenance			
Computer		178	216
Machinery		14	18
Others		1,872	1,941
Packing Material ,Stores & Spares			
Opening Stock	289		
Add : Purchase during the year	1,778		
Less : Closing Stock	(254)	1,816	1,598
Auditor's Remuneration		567	672
Total		**43,163**	**38,890**

3.07 Employee Benefits Expense	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages & incentives	36,017	34,366
Contribution to provident and other fund	7,231	5,202
Staff welfare expenses	1,671	1,730
Total	**44,919**	**41,298**

3.08 Finance Costs	Year ended March 31, 2018	Year ended March 31, 2017
Other interest expenses	-	13
Total	**-**	**13**

3.09 Depreciation and Amortization Expense	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	2,721	2,498
Amortization of Intangible assets	198	467
Total	**2,919**	**2,965**

3.10 Tax Expenses	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
In respect of the current year	-	1,000
In respect of prior years	76	(2,585)
	76	(1,585)
Deferred tax		
In respect of the current year	271	(344)
	271	(344)
Income tax recognised in Other Comprehensive Income		
Remeasurements of the defined benefit plans	44	117
Total	**391**	**(1,812)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

Reconciliation between the Statutory income tax rate applicable to the company and the effective income tax rate is as follows:	**Year ended March 31,**	
	2018	**2017**
Net profit/(loss) before tax	5,614	5,920
Effective Tax rate applicable to the company	25.75%	30.90%
Tax amount at the enacted income tax rate	1,446	1,830
Entities with no tax	(1,713)	137
Add : Expenses not deductible in determining taxable profits	674	898
Less: Allowances / Deductible	(920)	(1,854)
Income not considered for taxation	(11)	(11)
Deferred tax not created on current year loss	524	-
Tax relating to earlier years	76	(2,585)
Deferred tax liability on account of other temporary differences	315	(227)
Income tax expense	**391**	**(1812)**

4.01 Earnings Per Share (EPS)	**As at March 31**	
	2018	**2017**
Basic earnings per share :		
Attributable to equity holders of the Group	13.05	19.43
Diluted earnings per share :		
Attributable to equity holders of the Group	13.05	19.43
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings per share		
Profit attributable to equity holders of the Group used in calculating basic earnings per share	5,267	7,850
Diluted earnings per share		
Profit attributable to equity holders of the Group used in calculating diluted earnings per share	5,267	7,850
Weighted average number of Equity shares used as the denominator in calculating basic & diluted earnings per share	404,045	404,045

4.02 Contingent Liabilities	**As at March 31**	
	2018	**2017**
1) Claims against the group not acknowledged as debts: Relates to supplier of materials, employees and others claims etc. (No provision is made, as the Group is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallize).	2,873	2,873

2) The Group has taken certain premises on sub-lease. The landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorized Occupants) Act,1971 against the Group for eviction and has demanded damages and other charges, which are disputed by the Group. The proceedings in this connection are pending before the Estate officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.

3) Disputed Demand of Employees' State Insurance Corporation*	103	103

*Bank Guarantee is issued to ESIC as security for Rs. 52,000/-.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.03 Amount of lease rental charged to the Statement Profit and Loss in respect of premises taken on cancellable operating lease is Rs. 2,994'(000). (March 2017 : Rs. 2,690'(000)) for the year ended March 31, 2018.

4.04 Employee Benefits

1) Defined Contribution Plans:

The amounts of contribution to provident fund and ESIC recognized as expenses during the year is Rs. 2821'(000) (March 31, 2017 : 2466'(000)) for the year ended March 31, 2018.

2) Defined Benefit Plans:

The Group sponsors funded defined benefit plans for qualifying employee. The defined benefit plans are administered by separate fund that are legally separate fund from the entity. The board of the fund is responsible for the investment policy with regard to assets of the fund.

These plans typically expose the Group to Actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk. No other post-retirement benefit are provided to the employees.

Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has investment with LIC of India.
Interest Risk	A decrease in the interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

3) Principal assumption use for the purpose of actuarial valuation:

Particulars	**Gratuity**	
	As at March 31	
	2018	**2017**
Discount rate	7.73%	7.29%
Expected rate of salary increase	6.00%	6.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

All amounts are in Rs. '000 unless otherwise stated

4. (a) Amounts recognized in Statement of Profit and Loss in respect of defined benefit plans

Particulars	**Gratuity**	
	As at March 31	
	2018	**2017**
Service cost		
Current service cost	566	465
Net Interest Cost	239	221
Past Service Cost	1,306	-
Net Actuarial (Gain)/loss	-	-
Components of defined benefits cost recognized in Statement of Profit and Loss	**2,111**	**686**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4. (b) Amounts recognized in Other Comprehensive Income in respect of defined benefit plans

Particulars	Gratuity As at March 31 2018	Gratuity As at March 31 2017
Remeasurement of net defined benefit liability		
Return on plan assets(excluding amount included in net interest expense)	(56)	(99)
Net Actuarial (Gain)/ Loss	19	981
Components of defined benefits cost recognized in Other Comprehensive Income	**(37)**	**882**

4. (c) Amounts recognized in Balance Sheet in respect of defined benefit plans

Particulars	Gratuity As at March 31 2018	Gratuity As at March 31 2017
Present Value of the Defined Benefit Obligations	(2,512)	(11,426)
Fair Value of Plan Assets	1,626	8,172
Liability Recognized in the Balance Sheet	**(886)**	**(3,254)**

5. (a) Movements in present value of defined benefit obligation

Particulars	Gratuity As at March 31 2018	Gratuity As at March 31 2017
Opening defined benefit obligations	11,426	9,280
Current service cost	566	465
Interest cost	839	743
Past service cost	1,306	
Benefit paid from the fund	(95)	(43)
Remeasurement (Gains) / Losses		
Actuarial (gains) / losses on Defined Benefit Obligation - Due to change in financial obligation	(224)	312
Actuarial (gains) / losses on Defined Benefit Obligation - Due to experience	243	669
Closing defined benefit obligation	**14,061**	**11,426**

5. (b) Reconciliation

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017	Gratuity As at April 1, 2016
Opening Net Liability	3,254	2,760	2,758
Add: Employer Expenses (Expenses recognized in the Statement of Profit and Loss)	2,111	686	629
Add: Transfer to Other Comprehensive Income	(37)	883	1,007
Less: Benefit paid	-	-	-
Less: Employer's contribution	(495)	(1,075)	(1,633)
Closing Net Liability	**4,833**	**3,254**	**2,760**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

6. The category of plan assets as a percentage of total plan are as follows:

Particulars	Gratuity		
	As at March 31,		As at April 1,
	2018	2017	2016
Deposits with LIC of India	100%	100%	100%

7. Sensitivity Analysis

Below is the sensitivity analysis determined for significant actuarial assumption for determination of defined benefit obligation and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period.

Key assumptions for determination of Defined Benefit Obligation are Discount Rate (i.e. Interest Rate), Salary Growth Rate and Employee Turnover Rate of Holding Company is as follows:

All amounts are in Rs. '000 unless otherwise stated

Particulars	Gratuity		
	As at March 31,		As at April 1,
	2018	2017	2016
Delta Effect of +0.5% Change in Rate of Discounting	(414)	(399)	(342)
Delta Effect of -0.5% Change in Rate of Discounting	460	445	381
Delta Effect of +0.5% Change in Rate of Salary Increase	464	447	385
Delta Effect of -0.5% Change in Rate of Salary Increase	(424)	(407)	(351)
Delta Effect of +0.5% Change in Rate of Employee Turnover	47	32	43
Delta Effect of -0.5% Change in Rate of Employee Turnover	(52)	(36)	(48)

Key assumptions for determination of Defined Benefit Obligation are Discount Rate (i.e. Interest Rate), Salary Growth Rate and Employee Turnover Rate of Subsidiary Company is as follows:

Particulars	Gratuity		
	As at March 31,		As at April 1,
	2018	2017	2016
Delta Effect of +1% Change in Rate of Discounting	(320)	(315)	(282)
Delta Effect of -1% Change in Rate of Discounting	359	354	317
Delta Effect of +1% Change in Rate of Salary Increase	361	356	320
Delta Effect of -1% Change in Rate of Salary Increase	(328)	(321)	(290)
Delta Effect of +1% Change in Rate of Employee Turnover	37	29	38
Delta Effect of -1% Change in Rate of Employee Turnover	(41)	(32)	(42)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.05 Segment Information

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

The group has two business segments:
(a) Property Development
(b) Specialty Chemicals
(c) Manufacturing and trading in Capacitors

All amounts are in Rs. ‘000 unless otherwise stated

Sr. No.	Particulars	Year ended March 31	
		2018	2017
1	**Segment Revenue**		
	(net sale/income from each segment)		
	(a) Property Development	-	-
	(b) Specialty Chemicals	163,605	157,915
	(c) Manufacturing and trading in Capacitors	142,841	121,797
	(d) Unallocated	9,281	14,450
	Revenue from operations	**315,727**	**294,162**
2	**Segment Results**		
	Profit/loss before tax and interest from each segment		
	(a) Property Development	-	-
	(b) Specialty Chemicals	18,915	19,501
	(c) Manufacturing and trading in Capacitors	6,653	4,708
	(d) Unallocated	-	-
	Total	**25,568**	**24,209**
	Less:		
	Other Un-allocable Expenditure (net off)	19,954	18,289
	Total Profit Before Tax	**5,614**	**5,920**
3	**Segment Asset**		
	(Segment assets - Segment liabilities)		
	(a) Property Development	15,880	15,730
	(b) Speciality Chemicals	56,209	47,769
	(c) Manufacturing and trading in Capacitors	89,682	86,343
	(d) Unallocated	62,846	66,451
	Total	**224,617**	**216,293**
4	**Segment Liabilities**		
	(a) Property Development	-	-
	(b) Speciality Chemicals	13,823	10,236
	(c) Manufacturing and trading in Capacitors	51,079	49,095
	(d) Unallocated	4,445	5,590
	Total	**69,347**	**64,921**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.06 Capital Management

Risk management

The Group's objectives when managing capital are to safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to maximize shareholder value.

For the purpose of the Group's capital management, capital includes capital and all other equity reserves. In order to maintain or achieve a capital structure that maximizes the shareholder value, the Group's allocates it's capital for distribution as dividend or re-investment into business based on it's long term financial plans. As at March 31, 2018, the Group's has only one class of equity shares and has no debts. Hence, there are no externally imposed capital requirements.

All amounts are in Rs. '000 unless otherwise stated

Dividend	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Dividend on equity shares paid during the year			
Dividend paid	1,010	1,010	1,010
Dividend distribution tax	206	206	206

4.07 Financial Instruments:

1) Methods & assumption used to estimate the fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

(a) The carrying amounts of receivables and payables which are short term in nature such as trade receivables, other bank balances, deposits, loans to employees, trade payables, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values.

(b) For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

2) Categories of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
Level 3: inputs which are not based on observable market data.

All amounts are in Rs. '000 unless otherwise stated

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Carrying values	Fair value	Carrying values	Fair value	Carrying values	Fair value
Financial assets						
Measured at amortized cost						
Trade receivables	72,764	72,764	53,780	53,780	54,416	54,416
Loans	1,591	1,591	973	973	1,526	1,526
Cash and Bank balances	31,541	31,541	32,186	32,186	31,052	31,052
Other financial assets	1,807	1,807	1,886	1,886	1,887	1,887
Total (A)	**107,703**	**107,703**	**88,825**	**88,825**	**88,881**	**88,881**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

Measured at fair value through profit or loss						
Investment in equity instruments of other companies	3,993	3,993	3,660	3,660	2,767	2,767
Investment in mutual funds	26,625	26,625	25,305	25,305	23,085	23,085
Derivative Instruments	-	-	194	194	184	184
Total (B)	**30,618**	**30,618**	**29,159**	**29,159**	**26,036**	**26,036**
Total Financial assets (A+B)	**138,321**	**138,321**	**117,984**	**117,984**	**114,917**	**114,917**
Financial liabilities						
Measured at amortized cost						
Trade payables	22,707	22,707	17,682	17,682	19,403	19,403
Other financial liabilities	32,718	32,718	34,124	34,124	32,700	32,700
Total (A)	**55,425**	**55,425**	**51,806**	**51,806**	**52,103**	**52,103**
Measured at fair value through profit or loss						
Derivative Instruments	93	93	-	-	-	-
Total (B)	**93**	**93**	**-**	**-**	**-**	**-**
Total Financial liabilities (A+B)	**55,519**	**55,519**	**51,806**	**51,806**	**52,103**	**52,103**

Level wise disclosure of financial instruments

Particulars	**As at March 31**		**As at April 01,**	**Level**	**Valuation techniques and key inputs**
	2018	**2017**	**2016**		
Investment in equity instruments of other companies	3,993	3,660	2,767	1	Market Value
Investment in mutual funds	26,625	25,305	23,085	2	NAV as stated by Issuer
Forward contracts - Assets	-	194	184	2	Quotes from banks or dealers
Forward contracts - Liability	93	-	-	2	Quotes from banks or dealers

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.08 Financial Risk Management

The Group's financial risk management is an integral part of how to plan and execute it's business strategies. The Group's financial risk management policy is set by the Board of Directors. The details of different types of risk and management policy to address these risks are listed below:

The group's activities are exposed to various risks viz. Credit risk, Liquidity risk and Market risk. In order to minimize any adverse effects on the financial performance of the Group, it uses various instruments and follows policies set up by the Board of Director's/Management.

1) Credit Risk

Credit risk arises from the possibility that counter party will cause financial loss to the Group by failing to discharge it's obligation as agreed.

The Group specified policies for managing customers audit risk. These policies factor in the customers financial position, past experience and other customers specific factors. The groups uses the allowance matrix to measure the expected credit loss of trades receivable from customers.

Credit risks from balances with banks are managed in accordance with the Group policy. For derivative and financial instruments, the Group attempts to limit the credit risk by only dealing with reputable banks having high credit-ratings assigned by credit-rating agencies.

Based on the industry practices and business environment in which the Group operates, management considers that the trade receivables are in default if the payment are more than 18 months past due.

Table showing age of gross trade receivables and movement in expected credit loss allowance:

All amounts are in Rs. '000 unless otherwise stated

Age of Receivables	As at March 31		As at April 01,
	2018	2017	2016
Within the credit period	66,066	47,856	49,622
1-90 days past due	6,600	4,662	4,209
91-180 days past due	157	1,627	258
181-270 days past due	964	177	52
271-360 days past due	476	234	(4)
More than 360 days past due	3,076	2,570	2,511
Total	**77,339**	**57,125**	**56,649**

Movement in the expected credit allowance	Amount
As at April 1, 2016	2,233
Provided during the year	1,112
As at March 31, 2017	**3,345**
Provided during the year	1,230
As at March 31, 2018	**4,575**

2) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group has consistently generated sufficient cash flows from it's operations and believes that these cash flows along with it's current cash and cash equivalents and funding arrangements are sufficient to meet it's financial obligations as and when they fall due. Accordingly, liquidity risk is perceived to be low.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Maturities of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities as at the reporting date:

All amounts are in Rs. '000 unless otherwise stated

As at March 31, 2018	less than 1 year	1 to 5 year	Total
Non-Derivatives			
Trade payables	22,707	-	22,707
Other Financial Liabilities	1,490	31,322	32,812
As at March 31, 2017	**less than 1 year**	**1 to 5 year**	**Total**
Non-Derivatives			
Trade payables	17,682	-	17,682
Other Financial Liabilities	2,802	31,322	34,124
As at April 1, 2016	**less than 1 year**	**1 to 5 year**	**Total**
Non-Derivatives			
Trade payables	19,403	-	19,403
Other Financial Liabilities	1,378	31,322	32,700

3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed in the ordinary course of business to risks related to changes in foreign currency exchange rate and interest rate.

Market Risk – Foreign Exchange

Foreign currency risk is that risk in which the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and a portion of it's business is transacted in several currencies and therefore the Group is exposed to foreign exchange risk through it's overseas sales in various foreign currencies. The Group hedges the receivables by forming view after discussion with Forex Consultant and as per the polices set by Management.

The carrying amount of the Group foreign currency denominated monetary assets and liabilities as at the end of the reporting period is as follows:

All amounts are in Rs. '000 unless otherwise stated

Currencies	Liabilities			Assets		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
GBP	0.66	-	-	84.60	53.84	73.87
EURO	0.39	-	-	64.80	34.88	27.34
USD	60.67	98.65	131.85	-	75.14	-

Foreign currency exposure as at March 31, 2018	GBP	EURO	USD
Assets			
Trade receivables	84.60	64.80	-
Liabilities			
Trade Payables	-	-	60.67
Forward contracts - Liability	0.66	0.39	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in Rs. '000 unless otherwise stated

Foreign currency exposure as at March 31, 2017	GBP	EURO	USD
Assets			
Trade receivables	52.80	34.44	73.93
Forward contracts - Assets	1.04	0.44	1.21
Liabilities			
Trade Payables	-	-	98.65
Forward contracts - Liability	-	-	-

Foreign currency exposure as at April 01, 2016	GBP	EURO	USD
Assets			
Trade receivables	72.22	27.00	-
Forward contracts - Assets	1.65	0.34	-
Liabilities			
Trade Payables	-	-	131.85
Forward contracts - Liability	-	-	-

Details of Unhedged Foreign Currency Exposure is as under:-

Currency	Nature	March 31,2018		March 31,2017		April 01,2016	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
GBP	Asset- Export Receivables	29.30	2,704	27	2,151	25	2,327
EURO	Asset- Export Receivables	0.60	48	0.9	65	0.5	36
USD	Asset- Export Receivables	-	-	31	2,038	-	-
USD	Liability-Import Payable	60.67	3,952	98.64	6,398	132	8740

Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on loss before tax and on other components of equity

Particulars	Impact on profit before tax and equity: Increase/(Decrease)			
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	1 % Increase	1 % Increase	1 % Decrease	1 % Decrease
GBP	129.34	63.96	(129.34)	(63.96)
EURO	104.29	47.22	(104.29)	(47.22)
USD	(39.00)	139.61	39.00	(139.61)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.09 Related Party Transactions

(a)	Names of related parties and description of relationship	
	Nature of Relationship	**Name of Related Parties**
1)	Key managerial personnel	T. R. Kilachand - Non Executive Chairman P. T. Kilachand - Managing Director A. H. Mehta - Dy. Managing Director N. T. Kilachand - Non Executive Director V. V.Sahasrabudhe - Independent Non Executive Director C. R. Desai - Independent Non Executive Director N. S. Mehendale - Independent Non Executive Director Y. S. Mathur - Independent Non Executive Director K. V. Panchasara - Chief Financial Officer D. V. Chauhan - Company Secretary and Compliance Officer
2)	Entities where the key managerial personnel have significant influence / control	Ginners & Pressers Limited Sun Tan Trading Company Limited Tulsi Global Logistics Private Limited

All amounts are in '000 unless otherwise stated

(b) Details of Transactions :	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Total Amount	
	2017-18	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**
Expenses						
Rent						
Ginners & Pressers Limited	-	-	940	806	940	806
Tulsi Global Logistics Private Limited	-	-	(469)	(391)	(469)	(391)
Electricity charges						
Ginners & Pressers Limited	-	-	265	319	265	319
Remuneration*						
P.T. Kilachand	3,096	2,664	-	-	3,096	2,664
A.H. Mehta	4,676	4,307	-	-	4,676	4,307
K. V. Panchasara	1,480	1,372	-	-	1,480	1,372
D.V. Chauhan	501	479	-	-	501	479
Directors sitting fees						
T.R. Kilachand	48	51	-	-	48	51
N.T. Kilachand	9	15	-	-	9	15
C.R.Desai	18	27	-	-	18	27
N. S. Mehendale	12	15	-	-	12	15
V. V. Sahasrabudhe	18	27	-	-	18	27
Y. S. Mathur	18	18	-	-	18	18
Total expenses payable	**9,876**	**8,975**	**736**	**734**	**10,612**	**9,709**
Reimbursement/(Recovery) of expenses						
Ginners & Pressers Limited	-	-	(1)	(1)	(1)	(1)
Suntan Trading Company Limited	-	-	-	4	-	4
Tulsi Global Logistics Private Limited	-	-	(65)	(70)	(65)	(70)
Total reimbursement	**-**	**-**	**(66)**	**(67)**	**(66)**	**(67)**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.10 In accordance with the requirements of Ind AS 18, Revenue from Operations for the year ended March 31, 2018 is shown net of Goods and Services Tax (GST).However, Revenue from Operations for the preceding periods are shown inclusive of Excise Duty, wherever applicable. For comparison purposes revenue excluding excise duty is given below:

All amounts are in '000 unless otherwise stated

Sr. No.	Particulars	Year ended on	
		March-18	**March-17**
(a)	Total Revenue from operations	306,545	280,055
(b)	Excise Duty on sales (included in other expenses)	4,806	17,740
(c)	**Total Revenue from operations excluding Excise duty on Sales (a-b)**	**301,739**	**262,315**

4.11 Unpaid Dividend

Particulars	Year	AGM Date	Amount
Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on :	16-17	August 24, 2017	96.13
	15-16	August 10, 2016	92.50
	14-15	July 27, 2015	88.86

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 as on March 31, 2018.

4.12 In view of unabsorbed losses/depreciation and in the absence of taxable income under the provisions of the Income Tax Act, 1961, the subsidiary company has not provided for tax in the current year. Further, in view of the brought forward loss/ unabsorbed depreciation as per books of account, the subsidiary company also does not have any tax liability under section 115JB of the Income tax Act, 1961.

4.13 Recent Accounting Pronouncements

Ind As 115- Revenue from contract with customers

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the Cumulative catch-up transition method and accordingly, comparatives for the year ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is being ascertained.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4.14 First time Ind AS adoption reconciliation

Reconciliation between Previous GAAP and Ind AS

All amounts are in '000 unless otherwise stated

Particulars	Note No.	March 31, 2017			April 01, 2016		
		Previous GAAP*	Adjustments	As per Ind AS balance sheet	Previous GAAP*	Adjustments	As per Ind AS balance sheet
ASSETS							
Non-Current Assets							
Property, Plant and Equipment	1	21,550	-	21,550	24,548	-	24,548
Other Intangible Assets	1	426	-	426	806	-	806
Financial Assets			-				
Investments	2	21,978	6,987	28,965	21,860	3,992	25,852
Loans		379	-	379	789	-	789
Others		3,766	-	3,766	3,705	-	3,705
Deferred Tax Assets (Net)		1,470	-	1,470	1,242	-	1,242
Other Non-Current Assets		7,925	-	7,925	4,694	-	4,694
Total Non-Current Assets		**57,494**	**6,987**	**64,481**	**57,644**	**3,992**	**61,636**
Current Assets							
Inventories		55,090	(1,062)	54,028	52,547	(1,062)	51,485
Financial Assets							
Trade Receivables	6	56,452	(2,672)	53,780	55,976	(1,560)	54,416
Cash and Cash Equivalents		11,013	-	11,013	11,881	-	11,881
Bank balance other than above		19,079	-	19,079	17,077	-	17,077
Loans		594	-	594	737	-	737
Others	4	214	194	408	276	184	460
Current Tax Assets (Net)		2,252	-	2,252	6,143	-	6,143
Other Current Assets		10,658	-	10,658	4,427	-	4,427
Total Current Assets		**155,352**	**(3,540)**	**151,812**	**149,064**	**(2,438)**	**146,626**
Total Assets		**212,846**	**3,447**	**216,293**	**206,708**	**1,554**	**208,262**
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		4,040	-	4,040	4,040	-	4,040
Other Equity		143,887	37,963	181,849	106,263	86,370	192,633
Equity attributable to owners of the company		**147,927**	**37,963**	**185,889**	**110,303**	**86,370**	**196,673**
Non - Controlling Interest		-	(34,517)	(34,517)	32,899	(83,600)	(50,701)
Total Equity		**147,927**	**3,447**	**151,372**	**143,202**	**2,770**	**145,972**
Non-Current Liabilities							
Provisions		1,851	-	1,851	2,027	-	2,027
Total Non-Current Liabilities		**1,851**	**-**	**1,851**	**2,027**	**-**	**2,027**
Current Liabilities							
Financial Liabilities							
Trade Payables		17,682	-	17,682	19,403	-	19,403
Other Financial Liabilities		34,124	-	34,124	32,700	-	32,700
Other Current Liabilities		9,551	-	9,551	8,199	(1,216)	6,983
Provisions		1,712	-	1,712	1,177	-	1,177
Total Current Liabilities		**63,069**	**-**	**63,069**	**61,479**	**(1,216)**	**60,263**
Total Equity and Liabilities		**212,847**	**3,447**	**216,293**	**206,708**	**1,553**	**208,262**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

Reconciliation of other equity as on March 31, 2017 and April 1, 2016

Particulars	Note No.	March 31, 2017 (End of last period presented under previous GAAP)	April 01, 2016 (Date of transition)
Other Equity under Previous GAAP		**143,887**	**106,263**
Increase / (Decrease):			
Fair value of Non Current Investments	2	6,987	3,873
Reversal of Impairment of Investments		-	31,678
Reversal of Capital Reserve to Inventory		(1,062)	(1,062)
Capital reserve on Consolidation		34,515	51,004
Reversal of Proposed Dividend and Distribution of Tax		-	1,216
Effect of measuring financial instruments at fair value	4	194	184
Allowance for doubtful debts (expected credit loss)		(2,672)	(523)
Reclassification of Actuarial gains/(losses), arising in respect of employee benefits	3 & 5	999	-
Other Comprehensive Income	3 & 5	(999)	-
Total Adjustment to Equity		**37,963**	**86,370**
Other Equity as reported under Ind AS		**181,849**	**192,633**

Reconciliation of net profit/(loss) for the year ended March 31,2017

Particulars	Note No.	Year Ended 31st March 17 (End of last period presented under previous GAAP)		
		Previous GAAP*	Adjustments	As per Ind AS Balance Sheet
Income				
Revenue from Operations	4	284,543	194	284,737
Other Income	2	6,431	2,994	9,425
Total Income		**290,974**	**3,188**	**294,162**
Expenses				
Cost of material consumed		86,721	-	86,721
Purchase of stock-in-trade		81,839	-	81,839
(Increase)/Decrease in stock of work in progress		(2,034)	-	(2,034)
Excise Duty		17,740	-	17,740
Processing Charges		20,810	-	20,810
Manufacturing and other expenses	6	37,778	1,112	38,890
Employee Benefits Expense	3 & 5	42,180	(882)	41,298
Finance costs		13	-	13
Depreciation and Amortization		2,965	-	2,965
Total Expenses		**288,012**	**230**	**288,242**
Net Profit / (Loss) before tax		**2,962**	**2,959**	**5,920**
Tax Expense:				
Current tax		1,000	-	1,000
Current tax (relating to prior years)		(2,585)	-	(2,585)
Deferred tax	3 & 5	(227)	(117)	(344)
Profit/ (Loss) for the period		**4,774**	**3,075**	**7,849**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31,2017

Particulars	Year Ended 31 Mar 17 (End of last period presented under previous GAAP)		
	Previous GAAP	**Adjustments**	**Ind AS**
Net cash flow from operating activities	224	-	224
Net cash flow from investing activities	(83)	-	(83)
Net cash flow from financing activities	(1,010)	-	(1,010)
Net increase/(decrease) in cash and cash equivalents	**(869)**	-	**(869)**
Cash and cash equivalents at the April 01, 2016	11,933	-	11,933
Cash and Cash equivalents as at March 31, 2017	**11,065**	-	**11,065**

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Foot Notes for Ind AS Adjustments

Note 1: Property, Plant and Equipment

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of it's Property, Plant and Equipments and Intangibles recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as it's deemed cost as at the date of transition.

Note 2: Non current investments - Investments in equity instruments

(a) Investment in Other companies:-

Under previous GAAP, non current investment in equity instruments of other companies were measured at cost less provision for dimunition (other than temporary). Under Ind AS, the Company has recognized such investments at FVTPL. On the date of transition to Ind AS, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under previous GAAP, has resulted in increase in the carrying amount of these investments which has been recognized in the Statement of Profit and Loss.

(b) Investments in Mutual funds:-

Under previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these investments have been classified as FVTPL on the date of transition. The fair value changes are recognized in Statement of Profit and Loss.

Note 3: Defined benefit obligations

Under previous GAAP, actuarial gains and losses were recognized in Statement of Profit and Loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognized in other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income under Ind AS instead of profit or loss.

Note 4: Derivative Instruments - Forward contracts

Under previous GAAP, there is concept of deferred premium/discount which is recognized based on the difference between spot rate and forward rate and amortized over the tenure of the forward contract. Under Ind AS, forward contract is required to be accounted at fair value. Accordingly, the Company has reversed deferred premium outstanding in the books of accounts.

Note 5: Other Comprehensive income

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, items of income or expense that are not recognized in Statement of Profit and Loss are recognised as "other comprehensive income" which includes remeasurement of defined benefit plans.

Note 6: Trade Receivables

Under the previous GAAP, the Company has created provision for impairment of receivables consisting specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on the Expected Credit Loss Model which has led to an increase in the amount of provision as on the date of transition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

All amounts are in '000 unless otherwise stated

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

March 31, 2018 :								
Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or (loss)	Amount (Rs.)	As % of consolidated other comprehensive income	Amount (Rs.)	As % of consolidated total comprehensive income	Amount (Rs.)
Parent								
Polychem Limited	111.14%	172,571	(26.30%)	(1,385)	3049.12%	(216)	(30.44%)	(1,601)
Subsidiary								
Gujarat Poly Electronics Limited (formerly known as Gujarat Poly-AVX Electronics Limited)	9.17%	14,236	69.83%	3,678	(2949.12%)	209	73.90%	3,887
Non Controlling Interest	(20.31%)	(31,537)	56.46%	2,974	-	-	56.54%	2,974
Total	**100%**	**155,270**	**100%**	**5,267**	**100%**	**(7)**	**100%**	**5,260**

March 31, 2017 :								
Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or (loss)	Amount (Rs.)	As % of consolidated other comprehensive income	Amount (Rs.)	As % of consolidated total comprehensive income	Amount (Rs.)
Parent								
Polychem Limited	115.87%	175,388	105.62%	8,291	57.34%	(573)	112.66%	7,718
Subsidiary								
Gujarat Poly Electronics Limited (formerly known as Gujarat Poly-AVX Electronics Limited)	6.94%	10,501	(3.02%)	(237)	42.66%	(426)	(9.68%)	(663)
Non Controlling Interest	(22.80%)	(34,517)	(2.60%)	(204)	-	-	(2.98%)	(204)
Total	**100%**	**151,372**	**100%**	**7,850**	**100%**	**(999)**	**100%**	**6,851**

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K.Y.Narayana
Partner
Membership No.: 060639
Place: Mumbai **Dated:** May 30, 2018

For and on behalf of the Board of Directors
Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer
Place: Mumbai **Dated:** May 30, 2018

FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act 2013)

Statement containing salient features of the financial statements of subsidiary

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

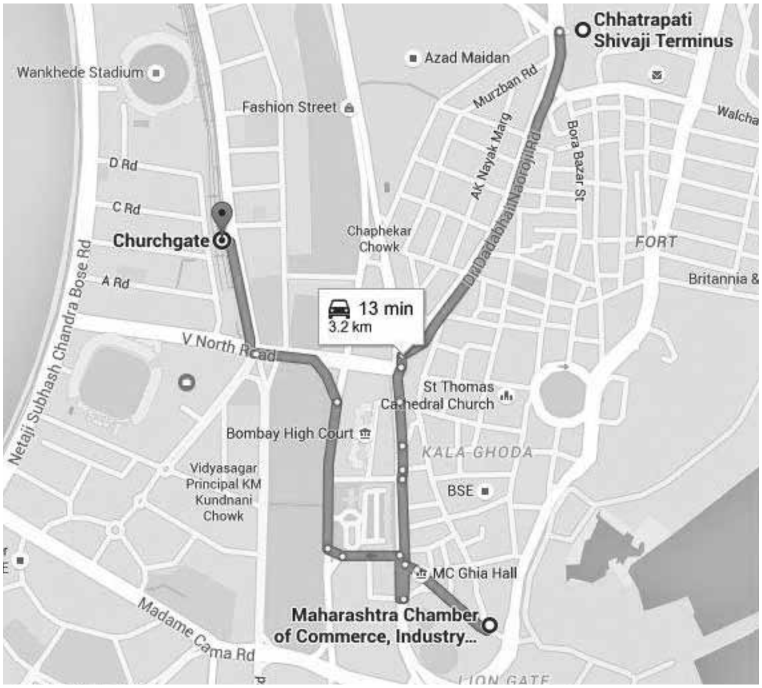
Sr. No.	Name of the Subisidiary	
I	Gujarat Poly Electronics Limited	
1	Latest audited Balance Sheet date	March 31, 2018
2	The date since subsidiary was acquired	March 31, 2017
3	Shares of Subsidiary	
-	Number of shares	4,616,152
-	Amount of Investment (Rs.in '000)	41,994
-	Extent of Holding %	53.99%
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
6	Equity Share Capital	85,500
7	Other Equity	(157,969)
8	Total Assets	89,682
9	Total Liabilities	162,151
10	Investments	NIL
11	Revenue from operations	144,121
12	Profit before taxation	6,653
13	Provision for taxation	NIL
14	Profit after taxation	6,653
15	Other Comprehensive Income	209
16	Total Comprehensive Income	6,862
17	Proposed Dividend	NIL

For and on behalf of the Board

Tanil R. Kilachand	Chairman (DIN No.: 00006659)
Parthiv T. Kilachand	Managing Director (DIN No.: 00005516)
Atul H. Mehta	Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara	Chief Financial Officer
Deepali V. Chauhan	Company Secretary & Compliance Officer

Place: Mumbai **Dated:** May 30, 2018

Route Map to the Venue of the 61st Annual General Meeting to be held on Tuesday, August 28, 2018.



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

FORM OF PROXY

POLYCHEM LIMITED

Registered Office: 7, Jamshedji Tata Road,
Churchgate Reclamation, Mumbai 400 020.
Tel No: 022-22820048, **Fax No:** 022-22850606
Website: www.polychemltd.com, **CIN:** L24100MH1955PLC009663

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

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

I/We, ____________________________, being the member(s) holding ____________shares of Polychem Limited, hereby appoint:

1. ________________________ of_____________________ having email – id ____________________________________ or failing him

2. ________________________ of_____________________ having email – id ____________________________________ or failing him

3. ________________________ of_____________________ having email – id ____________________________________ as my/our proxy to vote for me/us on my/our behalf at the SIXTY - FIRST ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 28th August, 2018 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**	
Ordinary Business		**For**	**Against**
1.	Adoption of Accounts		
2.	Re-appointment of Mr. P. T. Kilachand who retires by rotation		

Signed this _______day of ______________ 2018.

Signature of the Member_________________

Signature of Proxy _________________________

Affix Re. 1 Revenue Stamp

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.

NOTES

NOTES

If undelivered, please return to:

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