

# Annual Report 2015 - 2016



**KOTHARI PHYTOCHEMICALS & INDUSTRIES LTD.**

	DIN
<b>BOARD OF DIRECTORS :</b> SRI A. K. KOTHARI – Chairman	00051900
SMT P. D. KOTHARI – Director	00051860
SRI A. V. KOTHARI – Director	02572346
SRI S. BAGRI – Director	00659888
SRI A. KHANDELWAL – Director	00416445
SRI A. AGARWAL – Director	00054252
SRI K. C. MOHTA – Director	00051816
SRI A. K. TOSHNIWAL – Managing Director	06872891
<b>COMPANY SECRETARY :</b> SRI M. L. DAGA	
<b>AUDITORS :</b> DUTTA, GHOSH & ASSOCIATES, KOLKATA	
<b>BANKERS :</b> VIJAYA BANK	
<b>REGISTERED OFFICE :</b> C-4, GILLANDER HOUSE, 8, N. S. ROAD, KOLKATA-700 001	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT :</b> M/S. MAHESHWARI DATAMATICS PVT. LTD. 6, MANGOE LANE, 2ND FLOOR, KOLKATA – 700 001	
<b>MANUFACTURING UNITS</b>	
<b>PHYTOCHEMICALS DIVISION</b>	: MADURAI (Tamil Nadu) Mfrs. of : Chemicals and Crude Drugs
<b>SOUTHERN SYNTHETICS DIVISION</b>	: RANIPET (Tamil Nadu) Mfrs. of : Formaldehyde and Hexamine
<b>CLARO INDIA DIVISION</b>	: GUMMIDIPOONDI (Tamil Nadu) Mfrs. of : Phenolic Resin

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## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Your Directors have pleasure in presenting ONE HUNDRED TWENTEETH Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March 2016.

#### 1. FINANCIAL SUMMARY OR PERFORMANCE OF THE COMPANY : ₹ ₹

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
Sales for the year (Net of Excise Duty)	<b>179,302,521</b>	286,503,049
Other Income	<b>16,487,665</b>	15,718,552
Other operating Income	<b>1,577,509</b>	2,671,223
Total Income	<b>197,367,695</b>	304,892,824
Profit before Depreciation and Taxation	<b>54,284,999</b>	73,968,428
Less : Depreciation (Including Transitional Adjustment ₹ Nil (2015 - ₹ 6,457,682/-))	<b>8,630,618</b>	16,755,562
Profit before Taxation	<b>45,654,381</b>	57,212,866
Less : Provision for Taxation: Current Tax Deferred Tax (Net)	<b>9,200,000 (50,520)</b>	11,000,000 (265,279)
Profit after Taxation	<b>36,504,901</b>	46,478,145
Add: Balance brought forward	<b>8,971,271</b>	9,177,372
Profit available for appropriation	<b>45,476,172</b>	55,655,517
Proposed Dividend @ 25% (Previous year @ 25%) i.e ₹ 2.50 per share of ₹ 10/- each including dividend distribution tax	<b>11,684,246</b>	11,684,246
Transfer to General Reserve	<b>25,000,000</b>	35,000,000

#### 2. DIVIDEND

Your Directors are pleased to recommend payment of dividend @ 25 % i. e. ₹ 2.50 (previous year 25 % i.e. ₹ 2.50) per ordinary share of ₹ 10/- each for the year under review. The total payout amounts to ₹ 11,684,246/- including ₹ 1,976,308/- as Dividend Distribution Tax.

#### 3. RESERVE

Your company has transferred an amount of ₹ 25,000,000/- to the General Reserve for the financial year ended 31<sup>st</sup> March, 2016.

**DIRECTORS' REPORT — (Contd.)****4. SHARE CAPITAL**

The Paid-up Share Capital of the Company as on 31st March, 2016 was ₹ 38,831,750/-. There has been no change in the Equity Share Capital of the Company during the year.

**5. MANAGEMENT'S DISCUSSION AND ANALYSIS**

Demand of Phytochemical products were lower during the year. There was improvement in the business of Resin from Automobile Sector, but revenue of the Southern Synthetics Division is gradually coming down.

**SEGMENTWISE PERFORMANCE****a) PHYTOCHEMICALS DIVISION**

The turnover of the division has decreased to ₹ 8.65 Crore as compared to ₹ 16.41 Crore in last year. However, the Company expects bulk order for Strychnine, Calcium sennoside and Tolbutamide. Looking at the sluggish market conditions in US and Europe for our products, the present order book position is somehow reasonable. Installation and commissioning of Zero Liquid Discharge plant have been made for Pollution and Environmental clearance for the new phyto project.

**b) SOUTHERN SYNTHETICS DIVISION**

Use of Formaldehyde in the leather chemicals & leather Goods is banned. The economic viability of this division is uncertain because of old outdated plant, Technology with poor yield and lower capacity.

**c) CLARO INDIA DIVISION**

Demand of resin from the Automobile sector is improving. However, the plant and machineries are setting older that require replacement / modification. The Division is also facing difficulty in competing localized suppliers due to freight differential and central sales Tax. The uneconomic size of the Division is a concern for its long term viability.

**OPPORTUNITIES AND THREATS**

Production of New Phyto products is on the anvil. Once commercial production starts it will contribute substantially to the turnover of the company. However, increase in power tariffs, future power cuts, and lesser availability of skilled labours, outdated plant with poor yield and low capacity is a serious threat for the survival of Southern Synthetics & Claro India Division.

**OUT LOOK**

Well equipped modernized manufacturing facility will improve the yield and margin of profit. This will help us in getting approval from various Regulatory authorities and foreign customers. Commercial Production of new Phyto products will add to the revenue of the Company.

**DIRECTORS' REPORT — (Contd.)****RISK AND CONCERNS**

Price of Nux Vomica seeds and its supply is subject to wild fluctuation. Rising cost of other input materials, chemicals and utilities, the operational expenditure of Zero Liquid Discharge plant will add to the cost of the phyto products.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Effective Internal control in all operational areas exist in all the Division of the Company. Financial records are maintained according to Accounting Standard introduced by the Government. Independent Chartered Accountants' Firms carry out the internal audit of all divisions of the Company. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors.

**HUMAN RESOURCES**

The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility. The management is constantly enriching the value and competencies of its employees & workers through various development strategies.

**CAUTIONARY STATEMENT**

This Report contains forward-looking statements that involve risks and uncertainties. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

**6. DIRECTOR & KEY MANAGERIAL PERSONNEL**

Sri Arun Kumar Kothari (DIN: 00051900) and Sri Keshari Chand Mohta (DIN : 00051816) Non-executive Director retires by rotation from the Board and being eligible, offer themselves for re-election.

A brief particular of the Directors, as required, has been given in the Statement of Corporate Governance published along with this Annual Report.

None of the Directors are disqualified under Section 164 (2) of the Companies Act, 2013.

**DECLARATIONS OF INDEPENDENT DIRECTORS**

All Independent Directors have given declarations under Section 149 (7) of the Companies Act, 2013 and that they meet the criteria of Independence as laid down under section 149 (6) of the Companies Act, 2013 and Regulation 16 (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

**DIRECTORS' REPORT — (Contd.)****BOARD EVALUATION**

The Board evaluates the performance of non-executive and Independent Directors. The Directors evaluate performances of other Directors (excepting himself) and its various sub-committees and provide their feedback to the Nomination & Remuneration Committee. All the non-executive & the Independent Directors are eminent personalities having wide experience in the field of business, Industry & Administration. Their presence in the Board is advantageous and fruitful in taking business decision.

**KEY MANAGERIAL PERSONNEL**

Sri Keshav Binani was appointed as Chief Financial Officer of the Company on 1st June, 2015 but he has resigned on 31st October, 2015. The Company has in its meeting held on 30th May, 2016 appointed Sri Rajiv Gupta as Chief Financial Officer of the Company w.e.f 1st June, 2016.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance of Section 134 (5) of the Companies Act, 2013 your Directors hereby state and confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis;
- v) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**REMUNERATION POLICY**

The Company follow a policy on remuneration of Directors and Senior Management Employees. The Policy is approved by the Nomination and Remuneration Committee and the Board. More details on the same are given in the Corporate Governance Report.

**DIRECTORS' REPORT — (Contd.)****REMUNERATION RATIO OF DIRECTORS / KEY MANAGERIAL PERSONNEL / EMPLOYEES.**

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 in respect of employees of the Company and Directors are given in Annexure 'I' which forms part of this report.

**FAMILIARIZATION PROGRAMME**

Independent Directors are familiarized from time to time with regard to their roles, rights, responsibilities as enumerated in Schedule IV of the Companies Act, 2013. They are fully apprised with nature of the business in which Company operates. The Independent Directors have been provided with necessary documents, reports and internal control system to familiarise them with the Company's policies, procedures and practices.

**7. PUBLIC DEPOSITS**

The Company has not accepted any deposits from members and public under Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

**8. NUMBER OF BOARD MEETINGS HELD**

During the year under review, six Board Meetings were held, the details of which are given in the Clause 2 (b) of the Corporate Governance Report.

**9. COMMITTEES OF THE BOARD**

At present the Board has constituted four committees viz. (a) Audit Committee, (b) Nomination and Remuneration Committee, (c) Stakeholders Relationship Committee and (d) Risk Management Committee, the details of which are given under Clause 3 of Corporate Governance Report.

**10. STATUTORY AUDITORS AND AUDIT REPORTS**

Messrs Dutta, Ghosh & Associates, (Firm Registration No. 309088E) Chartered Accountants, who have been appointed as Statutory Auditors of the Company at the last Annual General Meeting held on 11th September, 2015 to hold office till the end of this meeting, retire at this meeting and being also eligible offer themselves for re-appointment. The Board proposes to appoint them as Statutory Auditors from the conclusion of this Annual General Meeting till the end of the next Annual General Meeting.

Messrs Singhi & Co., (Firm Registration No. 302049E) Chartered Accountants, the Branch Auditors for Phytochemicals Division at Madurai and Messrs Srikanth & Shanthi Associates, (Firm Registration No. 004006S) Chartered Accountants, the Branch Auditors for Southern Synthetics Division at Ranipet as well as for Claro India Division at Gummidipoondi, retire at this meeting, but being eligible offer themselves for re-appointment.



**DIRECTORS' REPORT — (Contd.)**

A certificate under Section 139 and 141 of the Companies Act, 2013 have been obtained from each of them.

There are no qualifications or observations or remarks made by the Statutory Auditor in their Report.

**SECRETARIAL AUDIT REPORT**

The Board of Directors of the Company have appointed Sri Ashok Kumar Daga, Company Secretary (Registration No. FCS – 2699) as Secretarial Auditor of the Company for the Financial Year 2015 – 16 in terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The report of Secretarial Auditor is attached as Annexure 'II' and forms as integral part of this report.

There are no qualifications or observations or remarks made by the Secretarial Auditor in their Report.

**11. CORPORATE SOCIAL RESPONSIBILITY**

The Net worth, turnover and the net profit of the Company being less than the prescribed limits, Section 135 of the Companies Act, 2013 is not applicable during the year under review.

**12. RELATED PARTY TRANSACTIONS**

There were no contracts or arrangement entered into by the Company in accordance with the provisions of Section 188 of the Companies Act, 2013. However, Related Party Transactions are entered in ordinary course of business and in accordance with Accounting Standard 18. The Related Party Transactions are disclosed under Note No. 27.05 of the Financial Statement. There were no materially significant Related Party Transactions made by the Company during the year under review, which may have a potential conflict with the interest of the Company. All related party transactions are placed and approved by Audit Committee and the Board. Accordingly, the Related Party Transaction as required under the Companies Act, 2013 in Form AOC – 2 is not applicable.

**13. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year under review, Company has not given any guarantee to any other person. The details of loan given and securities acquired are provided under Note No. 16 and 11 of the Financial Statement respectively.

**14. EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return in Form MGT – 9 forming part of this report are attached as Annexure 'III'.

**DIRECTORS' REPORT — (Contd.)**
**15. SUBSIDIARIES & ASSOCIATES**

Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of our Associate Company is given in the prescribed format AOC – 1 which is annexed as Annexure 'IV' and forming part of this report.

**16. CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements as stipulated by Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges have been prepared by the Company in accordance with the requirements of accounting Standard 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India. The audited Consolidated Financial Statements together with Auditors' Report thereon form part of the Annual Report.

**17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information related to energy conservation, technology absorption and foreign exchange earnings & Outgo in accordance with the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given as Annexure 'V' and forming part of this Report.

**18. CORPORATE GOVERNANCE**

A Report on the Corporate Governance along with a certificate from the Auditors of the Company in compliance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) is attached herewith and marked as Annexure 'VI' forming a part of this Report.

**19. DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No significant and material order has been passed by the Regulators or Courts or Tribunals during the year impacting the going concern status and company's operations in future.

**20. MATERIAL CHANGES AND COMMITMENTS**

There is no material changes and commitments have occurred during the period between end of the financial year and the date of this report.

**21. VIGIL MECHANISM**

The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of Conduct. The mechanism provides for adequate safeguards against victimization of Directors and employees who avail of the mechanism. In exceptional cases, Directors and employees have direct access to the Chairman of the Audit Committee.

**DIRECTORS' REPORT — (Contd.)**

The Vigil Mechanism (Whistle Blower Policy) is available on the Company's website.

**22. RISK MANAGEMENT**

Risk Management is very important part of business. The main aim of Risk Management is to identify, monitor and to take step to mitigate the risk of the business. Pursuant to requirement of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), the Board of Directors have constituted a Committee to consider risk of the business from time to time and suggest methods to mitigate the same.

**23. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDDRESSAL) ACT, 2013**

The Company is committed to provide a safe work environment to its employees. During the year under review, no case of sexual harassment was reported.

**24. CEO AND CFO CERTIFICATIONS**

In accordance with the provisions of the Regulation 17 (8) read with schedule II of Part B of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), the Managing Director of the Company has submitted a certificate for the year ended 31st March, 2016 to the Board of Directors.

**25. LISTING OF SHARES**

Your Directors confirm that the Annual Listing Fee has been regularly paid to the Calcutta Stock Exchange, where the shares of the Company are listed.

**26. INDUSTRIAL RELATIONS**

The Directors wish to place on record their appreciation for the services rendered by all categories of employees of the Company. Employer – Employee relation was cordial and in good harmony during the year under report.

On behalf of the Board,

**A. K. Kothari**  
Chairman

Kolkata  
30th May, 2016

**ANNEXURE - I**
**DETAILS PERTAINING TO REMUNERATION**

As required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) & 5(2) of the companies (Appointment and remuneration of managerial personnel) Rules, 2014

- A (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-2016, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-2016 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under.

Sl. No.	Name of the Director / KMP and Designation	Remuneration of Director/ KMP for the financial year 2015-16 (₹ in Lacs)	% Increase in Remuneration in the financial year 2015-16	Ratio of remuneration of each Director / KMP to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1.	Sri Arun Kumar Kothari - Chairman	0.69	2.99	0.29	
2.	Smt. Prabhawati Devi Kothari - Director	0.59	3.51	0.25	
3.	Sri Anand Vardhan Kohtari - Director	0.49	8.89	0.21	
4.	Sri Surendra Bagri - Director	0.73	12.31	0.31	
5.	Sri Ajit Khandelwal - Director	0.75	5.63	0.32	
6.	Sri Aniket Agarwal - Director	0.53	3.92	0.23	
7.	Sri Keshari Chand Mohta - Director	0.57	0.00	0.24	
8.	Sri A. K. Toshniwal - Managing Director	20.67	45.97	8.80	5.66% of the Net Profit
9.	Sri Keshav Binani - Chief Financial Officer (from 1st June to 31st October 2015)	1.93	-18.22	0.82	0.53% of the Net Profit
10.	Sri Madan Lal Daga - Company Secretary	14.47	9.21	6.16	3.96% of the Net Profit

**ANNEXURE - I (Contd.)**

- (ii) The median Remuneration of employees of the Company during the financial year was ₹ 2.35 Lacs p.a.;
  - (iii) In the Financial Year, there was increase of 7.64% in the median remuneration of employees;
  - (iv) There are 49 permanent employees on the rolls of the Company as on 31st March, 2016;
  - (v) Relationship between average increase in remuneration and Company performance :- The following factors are considered while giving increase in the remuneration :
    - (a) Financial performance of the company and its sustainability year after year.
    - (b) Industry benchmarking and consideration towards cost of living adjustment / inflation.
  - (vi) Comparison of the remuneration of the Key Managerial Personnel(s) against the performance of the Company :- For the financial year 2015-16 Key Managerial Personnel were paid 10.15% of the net profit of the Company.
  - (vii) Market capitalisation and Price Earnings ratio cannot be assessed, since The Calcutta Stock Exchange is not functional.
- B. Particulars of the employees as required to be reported pursuant to section 197 read with Rules 5(2) of the Companies (Appointment & Remuneration) Rule 2014 is not applicable to the Company.

**ANNEXURE - II****FROM NO. MR-3**

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2016 [Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Kothari Phytochemicals & Industries Limited,  
C-4, Gillander House,  
8, Netaji Subhas Road  
Kolkata - 700 001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kothari Phytochemicals & Industries Limited, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Kothari Phytochemicals & Industries 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Kothari Phytochemicals & Industries Limited for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

**ANNEXURE - II (Contd.)**

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) Factories Act, 1948
- (j) Drugs and Cosmetics Act, 1940 and rules made there under.
- (k) Water (prevention and Control of pollution) Act, 1974

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Company is in process of entering into Fresh listing Agreements with The Calcutta Stock Exchange Ltd. as per 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 .

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes occurred in the Key Managerial Person during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

Kolkata,  
30th May, 2016

**Ashok Kumar Daga**  
Practicing Company Secretary  
FCS-2699 & CP -2948

**ANNEXURE - III**
**FORM NO. MGT 9**
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

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

**I. REGISTRATION & OTHER DETAILS:**

1. CIN	L15491WB1897PLC001365
2. Registration Date	10/03/1897
3. Name of the Company	M/s. Kothari Phytochemicals & Industries Limited
4. Category / Sub-Category of the Company	Category : Company Limited by Shares Sub-Category : Indian Non-Government Company
5. Address of the Registered Office & Contact details	C-4, Gillander House, 8, Netaji Subhas Road, Kolkata-700 001 Phone No. : 91-33-2230-2331 (6 Lines) E-mail : mldaga1957@yahoo.co.in
6. Whether listed company	Yes.
7. Name, Address & Contact details of the Registrar & Transfer Agent, if any	M/s. Maheshwari Datamatics Private Limited 6, Mangoe Lane, 2nd Floor, Kolkata-700 001 Phone : (033) 2243-5809 / 5029 Fax : 91-33-2248-4787 E-mail : mdpldc@yahoo.com

**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) :

Sl. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the company
1.	Veterinary preparations : <b>Strychnine Sulphate</b>	21005	37%
2.	Organic and Inorganic Chemical Compounds : i) <b>Phenolic Resin</b> ii) <b>Paraformaldehyde</b>	20119	33% 12%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	M/s. Gillanders Arbuthot & Company Limited C-4, Gillander House, 8, N.S. Road, Kolkata-700 001	L51909WB1935PLC008194	Associate	25.78%	2 (6)



**ANNEXURE - III (Contd.)**
**IV. SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity) :

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2015]				No. of Shares held at the end of the year [As on 31st March 2016]				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual / HUF	38340	36000	74340	1.9144	40740	36000	76740	1.9762	0.0618
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2765605	8000	2773605	71.4262	2773605	0	2773605	71.4262	0.0000
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>2803945</b>	<b>44000</b>	<b>2847945</b>	<b>73.3406</b>	<b>2814345</b>	<b>36000</b>	<b>2850345</b>	<b>73.4024</b>	<b>0.0618</b>
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>2803945</b>	<b>44000</b>	<b>2847945</b>	<b>73.3406</b>	<b>2814345</b>	<b>36000</b>	<b>2850345</b>	<b>73.4024</b>	<b>0.0618</b>



## ANNEXURE - III (Contd.)

i) Category-wise Share Holding :

[illegible]

**ANNEXURE - III (Contd.)**

i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st April 2015]				No. of Shares held at the end of the year [As on 31st March 2016]				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	688000	3569	691569	17.8094	516000	3569	519569	13.3800	(-) 4.4294
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	11280	16297	27577	0.7102	8890	16287	25177	0.6484	(-) 0.0618
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	162000	0	162000	4.1718	162000	0	162000	4.1718	0.0000
c) Others (Specify)									
Non Resident Indians	4	4080	4084	0.1052	4	4080	4080	0.1052	0.0000
NBFCs registered with RBI	150000	0	150000	3.8628	322000	0	322000	8.2922	4.4294
<b>Sub-total(B)(2)</b>	<b>1011284</b>	<b>23946</b>	<b>1035230</b>	<b>26.6594</b>	<b>1008894</b>	<b>23936</b>	<b>1032830</b>	<b>26.5976</b>	<b>(-) 0.0618</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>1011284</b>	<b>23946</b>	<b>1035230</b>	<b>26.6594</b>	<b>1008894</b>	<b>23936</b>	<b>1032830</b>	<b>26.5976</b>	<b>(-) 0.0618</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>3815229</b>	<b>67946</b>	<b>3883175</b>	<b>100.0000</b>	<b>3823239</b>	<b>59936</b>	<b>388175</b>	<b>100.0000</b>	<b>0.0000</b>

**ANNEXURE - III (Contd.)**

ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	COMMERCIAL HOUSE PRIVATE LIMITED	755414	19.4535	0.0000	755414	19.4535	0.0000	0.0000
2	KOTHARI & COMPANY PRIVATE LIMITED	594960	15.3215	0.0000	594960	15.3215	0.0000	0.0000
3	M. D. KOTHARI & COMPANY LIMITED	576525	14.8467	0.0000	576525	14.8467	0.0000	0.0000
4	KOTHARI INVESTMENT & INDUSTRIES PRIVATE LIMITED	550720	14.1822	0.0000	550720	14.1822	0.0000	0.0000
5	VISHNUHARI INVESTMENTS & PROPERTIES LIMITED	241568	6.2209	0.0000	241568	6.2209	0.0000	0.0000
6	UMA BINANI	36000	0.9271	0.0000	36000	0.9271	0.0000	0.0000
7	BHAKTATSAL INVESTMENTS LIMITED	24459	0.6299	0.0000	24459	0.6299	0.0000	0.0000
8	KOTHARI CAPITAL & SECURITIES PRIVATE LIMITED	20959	0.5397	0.0000	20959	0.5397	0.0000	0.0000
9	ARUN KUMAR KOTHARI	19040	0.4903	0.0000	19040	0.4903	0.0000	0.0000
10	ANAND VARDHAN KOTHARI	13300	0.3425	0.0000	13300	0.3425	0.0000	0.0000
11	PREMIER SUPPLIERS PRIVATE LIMITED	8000	0.2060	0.0000	8000	0.2060	0.0000	0.0000
12	PRABHAWATI DEVI KOTHARI	4000	0.1030	0.0000	6400	0.1648	0.0000	0.0618
13	ARUN KUMAR KOTHARI KARTA OF PARAMSUKHDAS SUGANCHAND HUF	2000	0.0515	0.0000	2000	0.0515	0.0000	0.0000
14	SATYAM FINANCIAL SERVICES LIMITED	1000	0.0258	0.0000	1000	0.0258	0.0000	0.0000
	<b>TOTAL</b>	<b>2847945</b>	<b>73.3406</b>	<b>0.0000</b>	<b>2850345</b>	<b>73.4024</b>	<b>0.0000</b>	<b>0.0618</b>

**ANNEXURE - III (Contd.)**

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

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BHAKTWATSAL INVESTMENTS LIMITED At the beginning of the year At the end of the year	24459	0.6299	24459 24459	0.6299 0.6299
2	COMMERCIAL HOUSE PRIVATE LIMITED At the beginning of the year At the end of the year	755414	19.4535	755414 755414	19.4535 19.4535
3	KOTHARI CAPITAL & SECURITIES PRIVATE LIMITED At the beginning of the year At the end of the year	20959	0.5397	20959 20959	0.5397 0.5397
4	KOTHARI & COMPANY PRIVATE LIMITED At the beginning of the year At the end of the year	594960	15.3215	594960 594960	15.3215 15.3215
5	VISHNUHARI INVESTMENTS & PROPERTIES LIMITED At the beginning of the year At the end of the year	241568	6.2209	241568 241568	6.2209 6.2209
6	KOTHARI INVESTMENT & INDUSTRIES PRIVATE LIMITED At the beginning of the year At the end of the year	550720	14.1822	550720 550720	14.1822 14.1822
7	M. D. KOTHARI & COMPANY LIMITED At the beginning of the year At the end of the year	576525	14.8467	576525 576525	14.8467 14.8467
8	ARUN KUMAR KOTHARI At the beginning of the year At the end of the year	19040	0.4903	19040 19040	0.4903 0.4903

**ANNEXURE - III (Contd.)**

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

SI No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	ARUN KUMAR KOTHARI KARTA OF PARAMSUKHDAS SUGANCHAND HUF At the beginning of the year At the end of the year	2000	0.0515	2000 2000	0.0515 0.0515
10	SATYAM FINANCIAL SERVICES LIMITED At the beginning of the year At the end of the year	1000	0.0258	1000 1000	0.0258 0.0258
11	PRABHAWATI DEVI KOTHARI At the beginning of the year As on 29/01/2016 - Transfer At the end of the year	4000 (+) 2400	0.1030 (+) 0.0618	4000 6400 6400	0.1030 0.1648 0.1648
12	ANAND VARDHAN KOTHARI At the beginning of the year At the end of the year	13300	0.3425	13300 13300	0.3425 0.3425
13	UMA BINANI At the beginning of the year At the end of the year	36000	0.9271	36000 36000	0.9271 0.9271
14	PREMIER SUPPLIERS PRIVATE LIMITED At the beginning of the year At the end of the year	8000	0.2060	8000 8000	0.2060 0.2060

**ANNEXURE - III (Contd.)**

iv) Shareholding Pattern of top ten Shareholders  
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SI No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BNK SECURITIES PRIVATE LIMITED At the beginning of the year At the end of the year	170000	4.3779	170000 170000	4.3779 4.3779
2	BNK CAPITAL MARKETS LIMITED At the beginning of the year As on 12/06/2015 - Transfer At the end of the year	150000 (+) 172000	3.8628 (+) 4.4294	150000 322000	3.8628 8.2922
3	JAYSHREE NIRMAN LIMITED At the beginning of the year At the end of the year	176000	4.5324	176000 176000	4.5324 4.5324
4	ASIAN SECURITIES EXCHANGE PRIVATE LIMITED At the beginning of the year At the end of the year	170000	4.3779	170000 170000	4.3779 4.3779
5	ARTECH MERCHANTS PRIVATE LIMITED # At the beginning of the year As on 12/06/2015 - Transfer At the end of the year	172000 (-) 172000	4.4294 (-) 4.4294	172000 0 0	4.4294 0.0000 0.0000
6	ASHOK KUMAR BANKA At the beginning of the year At the end of the year	162000	4.1718	162000 162000	4.1718 4.1718
7	ASHA DEVI SABOO At the beginning of the year At the end of the year	4000	0.1030	4000 4000	0.1030 0.1030
8	ALKA KOTHARI # At the beginning of the year As on 29/01/2016 - Transfer At the end of the year	1600 (-) 1600	0.0412 (-) 0.0412	1600 0 0	0.0412 0.0000 0.0000

**ANNEXURE - III (Contd.)**

 iv) Shareholding Pattern of top ten Shareholders  
 (Other than Directors, Promoters and Holders of GDRs and ADRs):

SI No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	BANK OF BARODA At the beginning of the year At the end of the year	3200	0.0824	3200 3200	0.0824 0.0824
10	PRINCESS SHOBHANA RANA At the beginning of the year At the end of the year	3520	0.0906	3520 3520	0.0906 0.0906
11.	VIVEK SJB RANA* At the beginning of the year At the end of the year	1600	0.0412	1600 1600	0.0412 0.0412
12.	JOGENDRA KRISTO DUTT* At the beginning of the year At the end of the year	814	0.0210	814 814	0.0210 0.0210

# Ceased to be in the list of Top 10 shareholders as on 31/03/2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2015.

\* Not in the list of Top 10 shareholders as on 01/04/2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2016.



**ANNEXURE - III (Contd.)**

## v) Shareholding of Directors and Key Managerial Personnel

Sl No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ARUN KUMAR KOTHARI At the beginning of the year [As on 01/04/2015] At the end of the year [As on 31/03/2016]	19040	0.4903	19040 19040	0.4903 0.4903
2	ARUN KUMAR KOTHARI KARTA OF PARAMSUKHDAS SUGANCHAND HUF At the beginning of the year [As on 01/04/2015] At the end of the year [As on 31/03/2016]	2000	0.0515	2000 2000	0.0515 0.0515
3	PRABHAWATI DEVI KOTHARI At the beginning of the year [As on 01/04/2015] As on 29/01/2016 - Transfer At the end of the year [As on 31/03/2016]	4000 (+)2400	0.1030 (+) 0.0618	4000 6400 6400	0.1030 0.1648 0.1648
4	ANAND VARDHAN KOTHARI At the beginning of the year [As on 01/04/2015] At the end of the year [As on 31/03/2016]	13300	0.3425	13300 13300	0.3425 0.3425
5	KESHARI CHAND MOHTA At the beginning of the year [As on 01/04/2015] At the end of the year [As on 31/03/2016]	100	0.0026	100 100	0.0026 0.0026
6	MADAN LAL DAGA At the beginning of the year [As on 01/04/2015] At the end of the year [As on 31/03/2016]	25	0.0006	25 25	0.0006 0.0006
7	SURAJ DAGA At the beginning of the year [As on 01/04/2015] At the end of the year [As on 31/03/2016]	1	0.0000	1 1	0.0000 0.0000

**ANNEXURE - III (Contd.)**
**V. INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	22,755,604.00	20,477.00	-	22,776,081.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>22,755,604.00</b>	<b>20,477.00</b>	<b>-</b>	<b>22,776,081.00</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	1,898,082.00	-	-	1,898,082.00
Reduction	-	-	-	-
<b>Net Change</b>	<b>1,898,082.00</b>	<b>-</b>	<b>-</b>	<b>1,898,082.00</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	24,653,686.00	20,477.00	-	24,674,163.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>24,653,686.00</b>	<b>20,477.00</b>	<b>-</b>	<b>24,674,163.00</b>

**ANNEXURE - III (Contd.)**
**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Sri. A. K. Tonshniwal Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,060,400.00	2,060,400.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,458.00	6,458.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—
2	Stock Option	—	—
3	Sweat Equity	—	—
4	Commission		
	- as % of profit	—	—
	- others, specify...	—	—
5	Others, please specify	—	—
	<b>Total (A)</b>	<b>2,066,858.00</b>	<b>2,066,858.00</b>
	Ceiling as per the Act *		

\* The limit is well within the limits prescribed under the Companies Act, 2013.

**ANNEXURE - III (Contd.)**
**B. Remuneration to other directors**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Sri Surendra Bagri	Sri Ajit Khandelwal	Sri Aniket Agarwal	-	
	Fee for attending board/ committee meetings	30,000.00	32,000.00	10,000.00	-	72,000.00
	Commission	42,857.00	42,857.00	42,857.00	-	128,571.00
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>72,857.00</b>	<b>74,857.00</b>	<b>52,857.00</b>	<b>-</b>	<b>200,571.00</b>
2	Other Non-Executive Directors	Sri Arun Kumar Kothari	Smt. Prabhawati Devi Kothari	Sri Anand Vardhan Kothari	Sri Keshari Chand Mohta	
	Fee for attending board/ committee meetings	26,000.00	16,000.00	6,000.00	14,000.00	62,000.00
	Commission	42,857.00	42,857.00	42,857.00	42,857.00	171,428.00
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>68,857.00</b>	<b>58,857.00</b>	<b>48,857.00</b>	<b>56,857.00</b>	<b>233,428.00</b>
	<b>Total (B)=(1+2)</b>	<b>141,714.00</b>	<b>133,714.00</b>	<b>101,714.00</b>	<b>56,857.00</b>	<b>433,999.00</b>
	Overall Ceiling as per the Act *					

\* The remuneration is well within the limits prescribed under the Companies Act, 2013.

**ANNEXURE - III (Contd.)**
**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Sri Madan Lal Daga	Chief Financial Officer* Sri Keshav Binani	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,431,500.00	185,624.00	1,617,124.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	15,000.00	7,500	22,500.00
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>1,446,500.00</b>	<b>193,124.00</b>	<b>1,639,624.00</b>

\* Sri Keshav Binani was appointed as Chief Financial Officer effective June 01, 2015 and resigned on October 31, 2015. Remuneration includes leave encashment paid upon resignation.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

**ANNEXURE - IV**
**Form AOC – 1**

(Pursuant to first proviso to sub – section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of Subsidiaries / associate companies / joint ventures**

**Part “A” : Subsidiaries**
**NOT APPLICABLE**

(Information in respect of each subsidiary to be presented with amounts in ₹ )

1. Sl. No.
2. Name of the Subsidiary
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.
5. Share capital
6. Reserves & Surplus
7. Total assets
8. Total Liabilities
9. Investments
10. Turnover
11. Profit before taxation
12. Provision for taxation
13. Profit after taxation
14. Proposed Dividend
15. % of shareholding

**Notes :** The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations.
2. Names of subsidiaries which have been liquidated or sold during the year.

**ANNEXURE - IV (Contd.)**
**Part "B" : Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

<b>Name of Associates / <del>Joint Ventures</del></b>	<b>M/s. Gillanders Arbuthnot &amp; Company Limited</b>
<b>1. Latest audited Balance Sheet Date</b>	<b>29<sup>th</sup> May, 2016.</b>
<b>2. Shares of Associate / <del>Joint Ventures</del> held by the company on the year end</b>	
No.	<b>55,01,078</b>
Amount of Investment in Associates / <del>Joint Venture</del>	<b>₹ 51,748,615/-</b>
Extent of Holding %	<b>25.78 %</b>
<b>3. Description of how there is Significant influence</b>	<b>Significant influence arises by adequate voting right.</b>
<b>4. Reason why the associate / <del>joint-venture</del> is not consolidated</b>	<b>Exempted under rule 6 of companies (Accounts) Rules 2014 as there is no subsidiary</b>
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b>	<b>₹ 3,977.79 Lakh ( 25.78% of ₹ 15,429.75 Lakh)</b>
<b>6. Profit / Loss for the year</b>	
i. Considered in Consolidation	<b>Net Loss ₹ 584.41 Lakh</b>
ii. Not Considered in Consolidation	

- Names of associates or joint ventures which are yet to commence operations - NIL
- Names of associates or joint ventures which have been liquidated or sold during the year - NIL

**Note :** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

On behalf of the Board

Kolkata,  
30th May, 2015

M. L. Daga      A. K. Kothari      A. K. Toshniwal  
Company Secretary      Chairman      Mg. Director

**ANNEXURE - V**
**INFORMATION PURSUANT TO SEC. 134(3)(m) OF THE COMPANIES ACT, 2013 AND RULE 8(3)(A) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FOR CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**
**(A) Conservation of energy:**
**i. Steps taken or impact on conservation of energy**

The efforts of the company are aimed at minimising energy consumption in spite of the increase in total operations of the company. Replacement of old pumps & motors has been done by high efficiency pumps & low power consumption motors. Heater Load is utilized fully as much as practicable.

**ii. Steps taken for utilising alternate sources of energy**

Exploring the possibility of using alternate sources of energy will be uneconomical for the company, depending on its size and nature of business.

**iii. Capital Investment on Energy Conservation Equipment**

No capital expenditures were incurred for Energy Conservation Equipment. However, balancing equipment and devices as and when used have been debited to the respective expenditure in the Statement of Profit & Loss.

**(B) Technology Absorption:**

No new technology was used and as such only the marginal benefit of product improvement depending on the market situation has been derived. No research expenditure was incurred in relation to technology absorption.

**(C) Foreign Exchange Earnings & Outgo:**

Particulars	2015-16	2014-15
Earnings (₹ )	<b>1050.46 Lakh</b>	1695.98 Lakh
Outgo (₹ )	<b>40.59 Lakh</b>	40.21 Lakh



**ANNEXURE - VI**
**REPORT ON CORPORATE GOVERNANCE**

**[Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) ]**

**1. Company's Philosophy on Code of Governance**

The Company recognizes the importance of good Corporate Governance, which is a tool for building a strong and ever lasting beneficial relationship with the customers, suppliers, bankers and more importantly with the investors. It enhances moral of the employees and motivates them in achieving the definite and measurable goals.

**2. Board of Directors**
**(a) Composition**

The Board of Directors comprises of eight Directors consisting one Non - Executive Chairman, three Non - Executive including one woman, one Executive and three Independent Directors.

Non Executive Directors are skilled and professional people. They have vast experience in finance and administration. Independent Directors are independent of management and take independent judicial decisions.

The particulars of their other Directorship and Chairmanships / Memberships in the Board of other Companies and the Committees thereof as on 31<sup>st</sup> March, 2016 are as under: -

Name of Director	DIN	No. of other Directorship in Public Limited Companies Incorporated in India*	No. of Other Committee # Positions held		No. of Shares held in the Company
			As Chairman	As Member	
Sri A. K. Kothari	00051900	5	-	4	21040
Smt. P. D. Kothari	00051860	4	-	2	6400
Sri A. V. Kothari	02572346	-	-	-	13300
Sri S. Bagri	00659888	-	-	-	-
Sri A. Khandelwal	00416445	4	2	3	-
Sri A. Agarwal	00054252	1	-	-	-
Sri K. C. Mohta	00051816	2	-	-	100
Sri A. K. Toshniwal	06872891	-	-	-	-

\* Excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act' 2013.

# Pursuant to Regulation 26(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) only two committees viz., Audit and Stakeholders Relationship Committee, have been considered for this purpose.

**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**
**(b) Attendance of Directors at the Board Meetings and last AGM**

During the financial year 2015 - 2016, the Board met six times on 29<sup>th</sup> May, 12<sup>th</sup> August, 6<sup>th</sup> November, 2015 & 7<sup>th</sup> January, 11<sup>th</sup> February, 22<sup>nd</sup> March, 2016.

Directors attending the Board Meetings and last Annual General Meeting are as follows:

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM on 11.09.2015
Sri A. K. Kothari	Non - Executive Chairman	6	Yes
Smt. P. D. Kothari	Non - Executive	6	Yes
Sri A. V. Kothari	Non - Executive	3	Yes
Sri S. Bagri	Non - Executive, Independent	6	Yes
Sri A. Khandelwal	Non - Executive, Independent	6	Yes
Sri A. Agarwal	Non - Executive, Independent	4	No
Sri K. C. Mohta	Non - Executive	6	Yes
Sri A. K. Toshniwal	Executive – Managing Director	4	Yes

**Code of Conduct for Board Members & Senior Management**

The Board of Directors has laid down the Code of Conduct for all members of the Board and Senior Management of the Company. All the Board members and Senior Management Personnels have complied with the Code of Conduct. The Code of Conduct for Board Members and Senior Management of the company is posted on the website of the Company and may be accessed at the link <http://www.kothariphyto.com/cc.php>.

Information about Directors proposed to be re - appointed as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) with the Stock Exchange is furnished below:

**Brief Resume and other particulars of the Directors seeking Appointment / Re - appointment.**

- (1) **Sri Arun Kumar Kothari**, aged about 63 years, is an Industrialist having rich experience in the field of business and management. Smt. P. D. Kothari & Sri A. V. Kothari, both directors are related to Sri Arun Kumar Kothari, as wife and son respectively. Details of his other Directorships are as follows :-

Sl. No.	Name of Company	Nature of Office
1	Albert David Limited	Chairman & Managing Director, Member of Audit Committee, Remuneration Committee and Stakeholder's Relationship Committee

**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**

Sl. No.	Name of Company	Nature of Office
2	Bharat Fritz Werner Limited	Director
3	Gillanders Arbuthnot & Company Limited	Chairman, Member of Audit Committee, Remuneration Committee, Stakeholder's Relationship Committee and Finance Committee
4	Indian Glass & Electricals Limited	Director
5	Arvind Engineering Works Limited	Director

- (2) **Sri Keshari Chand Mohta**, aged about 84 years, is a commerce and law graduate and has been associated with the Board of Directors of the Company since December 1998 and has vast experience in the fields of company law, finance and accounts. Details of his other Directorships are as follows :-

Sl. No.	Name of Company	Nature of Office
1	Bhaktwatsal Investments Limited	Director
2	Satyam Financial Services Limited	Director

**3. Committees of the Board**
**(a) Audit Committee**

The Committee consists of three members, with the majority being independent directors having financial and accounting knowledge. The members of the Committee are Sri S. Bagri, Chairman, Sri A. K. Kothari and Sri A. Khandelwal, members.

The Audit Committee met six times during the year under review, on 29<sup>th</sup> May, 12<sup>th</sup> August, 6<sup>th</sup> November, 2015 and 7<sup>th</sup> January, 11<sup>th</sup> February, 22<sup>nd</sup> March, 2016.

The details of attendance of each member at these meetings are as follows: -

Name of Member	No. of Meetings Attended
Sri S. Bagri, Chairman	6
Sri A. K. Kothari	6
Sri A. Khandelwal	6

At the invitation of the Company, Statutory Auditors and Internal Auditors also attends the Audit Committee meetings.

**ANNEXURE - VI (Contd.)****REPORT ON CORPORATE GOVERNANCE**

The terms of reference of the audit Committee include the powers set out in Regulation 18(2)(c), role and review of information as specified in part C of Schedule II pursuant to Regulation 18(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and broadly covers inter alia overseeing the Company's financial reporting process, financial statements and also fully conform to the requirements of Section 177 of the Companies Act' 2013.

**(b) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of three members, with the majority being independent directors having financial and accounting knowledge. The members of the Committee are Sri S. Bagri, Chairman, Sri A. K. Kothari and Sri A. Khandelwal, members.

The Committee met once during the year under review, on 29<sup>th</sup> May, 2015, which was attended by all the three Members.

The role and terms of reference of the Nomination and Remuneration Committee cover all the matters specified for it under Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) as well as Section 177 of the Companies Act, 2013.

The Board has framed Nomination and Remuneration Policy which is placed on the Company's website and the web link for the same is <http://www.kothariphyto.com/nmp.php>.

The criteria for performance evaluation of Independent directors are as under-

**AREAS OF EVALUATION**

1. Frequency of meeting attended.
2. Quality, quantity and timeliness of flow of information to the Board.
3. Opportunity to discuss matters of critical importance, before decisions are made.
4. Familiarity with the objects, operations and other functions of the Company.
5. Importance given to Internal Audit Reports, Management responses and steps towards improvement.
6. Avoidance of conflict of interest.
7. Exercise of fiscal oversight and monitoring financial performance.
8. Level of monitoring of Corporate Governance Regulations and compliance.
9. Adherence to Code of Conduct and Business ethics by directors individually and collectively.

**ANNEXURE - VI (Contd.)****REPORT ON CORPORATE GOVERNANCE**

10. Monitoring of Regulatory compliances and risk assessment.
11. Review of Internal Control Systems.
12. Performance of the Chairperson of the Company including leadership qualities.
13. Performance of the Managing Director.
14. Overall performance of the Board / Committees.

**(c) Stakeholders Relationship Committee**

The Stakeholders Relationship Committee comprises of Sri A. Khandelwal, Chairman, Smt. P. D. Kothari and Sri K. C. Mohta, members. The Company Secretary acts as the Compliance Officer.

The Committee met once during the year under review, on 11<sup>th</sup> February, 2016, which was attended by all the three Members.

During the year, there were no complaints received from the Investors, nor any share transfer pending as on 31<sup>st</sup> March, 2016.

None of the Complaints were pending for a period exceeding 30 days. All requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

**(d) Risk Management Committee**

The Risk Management Committee consists of three members, with the majority being independent directors having expertise in assessment of the Risk Management. The members of the Committee are Sri S. Bagri, Chairman, Smt. P. D. Kothari and Sri A. Khandelwal, members.

The Committee met once during the year under review, on 22<sup>nd</sup> March, 2016, which was attended by all the three Members.

**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**
**4. Details of Remuneration / Fees paid to Directors**

Name	Designation	Salary (₹)	Perquisites (₹)	Commission** (₹)	Board Fees (₹)	Committee Fees ₹					Total (₹)
						Audit	Nomination and Remuneration	Stakeholders Relationship	Independent Directors	Risk Management	
Sri A. K. Kothari	Non – Executive Chairman	-	-	42,857	12,000	12,000	2,000	-	-	-	68,857
Smt. P. D. Kothari	Non – Executive	-	-	42,857	12,000	-	-	2,000	-	2000	58,857
Sri A. V. Kothari	Non - Executive	-	-	42,857	6,000	-	-	-	-	-	48,857
Sri S. Bagri	Non – Executive, Independent	-	-	42,857	12,000	12,000	2,000	-	2,000	2,000	72,857
Sri A. Khandelwal	Non – Executive, Independent	-	-	42,857	12,000	12,000	2,000	2,000	2,000	2,000	74,857
Sri A. Agarwal	Non – Executive, Independent	-	-	42,857	8,000	-	-	-	2,000	-	50,857
Sri K. C. Mohta	Non – Executive	-	-	42,857	12,000	-	-	2,000	-	-	56,857
Sri A. K. Toshniwal	Executive - Managing Director	1,392,000	674,858	-	-	-	-	-	-	-	2,066,858*

\* Excluding Provision for encashable Leave and Gratuity.

\*\* The commission for the year ended 31<sup>st</sup> March, 2016 will be paid to the Directors, subject to deduction of tax at source after adoption of accounts by the shareholders at the ensuing Annual General Meeting.

**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**
**Disclosure pursuant to Part-II, Section - II, Third Provision, Point No. IV of Schedule - V under Section 196 and 197 of the Companies Act, 2013.**

- i) All elements of remuneration package such as salary, benefits, bonuses, pension etc. of all the Directors.

a)	Sri A. K. Toshniwal	Salary & Special Allowance	₹ 1,782,000/-
		House Rent Allowance	₹ 111,360/-
		Provident Fund	₹ 167,040/-
		Medical Allowance	₹ 6,458/-
b)	Other Directors	Fees for attending Board/Committees Meetings and Commission as mentioned above.	

- ii) Service contract, notice period, severance fees of Sri A. K. Toshniwal is as under :

Period of Contract	From 1st July, 2014 to 31st March, 2017
Notice Period	Three months notice
Severance Fees	None

**5. Independent Directors Meeting**

During the year one meeting of Independent directors was held without the presence of the Executive Directors or Management Personnel. The purpose of the meeting was to evaluate the performance of the Managing Director as well as performance of the Chairman and Board as a whole. The meeting also assessed the quality of flow of information at different levels.

**6. General Body Meetings**

- (a) Location and time of last three Annual General Meetings (AGM):

Financial Year	Date of AGM	Venue	Time
2014-2015	11.09.2015	Indian Chamber of Commerce 4, India Exchange Place, Kolkata-700 001	10.30 A.M.
2013-2014	12.08.2014	– Do –	11.30 A.M.
2012-2013	12.08.2013	– Do –	3.00 P.M.

- (b) i) Two special resolutions were passed on 11<sup>th</sup> September, 2015 as under:-
- A) For approving payment of Commission to Non – Executive Directors.
- B) For approving creation of charges u/s 180 (1) (a) on the assets of the Company in respect of borrowing powers from Banks and other institutions.

**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**

- ii) One Special Resolution was passed by the Company at the Annual General Meeting held on 12<sup>th</sup> August, 2014 authorising the Board of Directors for Borrowing etc. in excess of Paid up Share Capital and Free Reserves not exceeding upto a limit of ₹ 100 Crores.
- iii) No Special Resolution was passed by the Company at the Annual General Meeting held on 12<sup>th</sup> August, 2013.
- (c) During the year ended 31<sup>st</sup> March, 2016, no resolution was passed through postal ballot. The Company does not propose to pass any resolution through Postal Ballot in the ensuing AGM.

**7. Means of Communication**

Quarterly/ half yearly/ annual results normally published in newspapers : Business Standard (English) and Arthik Lipi (Bengali).

Any website, where displayed : <http://www.kothariphyto.com>.

Whether it displays official news releases and presentations made to institutional investors or to the analysts : Not Applicable.

Whether Management Discussions and Analysis is part of Annual Report or not : Yes, included in the Annual Report.

**8. General Shareholders' Information**

<b>Date, time &amp; venue of the Annual General Meeting</b>	Monday, 19th September, 2016 at 10.30 A.M. at the Indian Chamber of Commerce, Auditorium 4, India Exchange Place, 10th Floor, Kolkata - 700 001	
<b>Financial Calendar 2016-2017</b> (tentative and subject to change)	<ul style="list-style-type: none"> <li>• Financial Year</li> <li>• First Quarter Results</li> <li>• Second Quarter &amp; Half Yearly Results</li> <li>• Third Quarter Results</li> <li>• Audited Annual Results for the year ending 31st March 2017</li> </ul>	April to March Second week of August 2016 Second week of November 2016 Second week of February 2017 Last week of May 2017
<b>Dividend Payment Date</b>	After 19th September, 2016 within stipulated time.	
<b>Book Closure Period</b>	Tuesday 13th September, 2016 to Monday 19th September, 2016 (both days inclusive)	
<b>Stock Code</b>	CSE : Physical – 21160 Demat – 10021160	
<b>NSDL / CDSL – ISIN No.</b>	INE264E01016.	



**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**

<b>Listing at Stock Exchange</b>	The Calcutta Stock Exchange Limited 7 Lyons Range, Kolkata-700 001 Listing Fees for the year 2016-2017 has been paid to the Stock Exchange.
<b>Outstanding ADRs/GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity</b>	N.A

**Distribution of shareholding as on 31st March, 2016**

Ordinary Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
1 – 500	2782	98.93	16181	0.42
501 – 1000	7	0.25	5329	0.14
1001 – 5000	5	0.18	14320	0.37
5001 – 10000	2	0.07	14400	0.37
10001 – 50000	5	0.18	113758	2.93
50001 – 100000	–	–	–	–
Above 100000	11	0.39	3719187	95.77
<b>Total</b>	<b>2812</b>	<b>100</b>	<b>3883175</b>	<b>100</b>

**Shareholding pattern as on 31st March, 2016**

Category	No. of Shares Held	% of Shares Held
Indian Promoters	2850345	73.40
Nationalised Banks & Mutual Funds	–	–
NRI / OCBs	4084	0.11
Public	1028746	26.49
<b>Total</b>	<b>3883175</b>	<b>100.00</b>

**Stock Market Price** : Shares of the Company were not traded in the Stock Exchange during the year. Accordingly, comparison of the Company's Shares with BSE Sensex could not be given.

**Registrars & Share Transfer Agent** : M/s Maheshwari Datamatics Private Limited  
6, Mangoe Lane, 2nd Floor,  
Kolkata – 700 001  
Ph: (033) 2243 - 5809 / 5029  
Fax: 91 – 33 – 2248 4787  
Email: mdpldc@yahoo.com

**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**

**Share Transfer System :** Requests for transfer of shares in physical form are registered and returned within 15 days of lodgement thereof, if the documents are complete in all respects. The Registrars & Share Transfer Agent processes the shares lodged for transfer and the Compliance Officer then monitors and approves the transfer of shares and reports the status of shares transferred to the Company's Board at each of its meetings. The Company also offers the facility of Transfer – cum - Demat to its shareholders. Dematerialisation requests are normally disposed off within a period of 15 Days.

**Dematerialisation of Shares and Liquidity :** The Company has entered into Agreements with both the Depositories registered under the Depositories Act, 1996, i. e. NSDL and CDSL to facilitate holding and trading in shares of the Company in dematerialised form in accordance with the provisions of the Depositories Act, 1996. As on 31<sup>st</sup> March 2016, shares representing total Ordinary Share Capital of the Company were held as under:

	No. of Shares	Percentage of Total Capital
In Dematerialised form	38,23,239	98.46%
In Physical form	59,936	1.54%
	<u>38,83,175</u>	<u>100%</u>

**Commodity Price Risk/Foreign Exchange Risk and Hedging :** The Company did not engage in hedging activities.

**Plant Locations :**

- (A) Phytochemical Division (Factory)**  
Nagari, Thanichchiyam Post – 625 221  
Madurai, Tamilnadu
- (B) Southern Synthetics Division (Factory)**  
Plot No. 14, SIPCOT Industrial Complex  
Ranipet, Tamilnadu
- (C) Claro India Division (Factory)**  
B – 7, SIPCOT Industrial Complex,  
Gummidipoondi – 601 201, Tamilnadu

**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**
**Address for Correspondence**

- |     |  |   |
|-----|--|---|
| (a) | For Transfer of physical shares, request for dematerialization of shares, change of mandates/ address or any other query | : M/s. Maheshwari Datamatics Private Limited<br>6, Mangoe Lane, 2 <sup>nd</sup> Floor,<br>Kolkata – 700 001<br>Ph: (033) 2243-5809/5029<br>Fax: (033) 2248-4787<br>mdpldc@yahoo.com                                   |
| (b) | For any investor grievance   | : The Company Secretary cum Compliance Officer<br>Kothari Phytochemicals & Industries Limited<br>C - 4, Gillander House, 8 N.S. Road,<br>Kolkata – 700 001<br>Ph: (033) 2230-2331 (6 lines)<br>mldaga1957@yahoo.co.in |

**9. Disclosures**

- (i) During the financial year ended 31<sup>st</sup> March, 2016 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- (ii) Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any market related matters during the last three years.
- (iii) The Company has Whistle Blower policy. All the personnel of the Company have access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirements of the Listing Regulations.
- (v) The Company has no material subsidiary.
- (vi) The Company has framed Related Party Transaction Policy and is placed on the Company's website and the web link for the same is <http://www.kothariphyto.com/ptp.php>.
- (vii) During the financial year ended 31<sup>st</sup> March, 2016 the Company did not engage in any hedging activities.
- (viii) CEO/CFO Certification:  
A Certificate from the CEO as specified in Part B of Schedule II in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations was placed before the Board Meeting held 30<sup>th</sup> May, 2016 to approve the Audited Annual Accounts for the year ended 31<sup>st</sup> March, 2016.

**ANNEXURE - VI (Contd.)**
**REPORT ON CORPORATE GOVERNANCE**

10. There has been no instance of non-compliance of any requirement of Corporate Governance Report.
11. A Certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed with the Directors Report.
12. The Company has fully complied with the applicable requirements specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46.

**Disclosure of accounting Treatment**

The Company has followed the treatment laid down in the accounting Standards prescribed by the Institute of Chartered Accountants of India, in the preparation of financial statements. There are no audit qualifications in the Company's financial statements for the year under review.

**Demat Suspense Account/ Unclaimed Suspense Account**

Pursuant to Regulation 39 (4) read with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company will take necessary steps to deal with unclaimed physical shares.

For and on behalf of the Board

Place : Kolkata  
Dated : 30th May, 2016

**A. K. Kothari**  
Chairman  
(DIN : 00051900)

**DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT**

I, A. K. Toshniwal, Managing Director and Chief Executive Officer of Kothari Phytochemicals & Industries Limited ("the company") hereby declare that, to the best of my information, all the Board Members and Senior Management Personnel of the company have confirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the company under Regulation 34(3) read with Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for Board Members and Senior Management Personnel.

For Kothari Phytochemicals & Industries Limited

Place : Kolkata  
Dated : 30th May, 2016

**A. K. Toshniwal**  
Managing Director & CEO  
(DIN : 06872891)

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE****To the Members of****Kothari Phytochemicals & Industries Limited**

We have reviewed the compliance of conditions of Corporate Governance by Kothari Phytochemicals & Industries Limited for the year ended 31<sup>st</sup> March, 2016, as stipulated in Clause 49 of the Listing Agreement ("Listing agreement") of the said Company with stock exchanges for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing regulations") as referred to in Regulation 15(2) of the Listing Regulations for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016 with the relevant records and documents maintained by the Company furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

On the basis of our review and according to the information and explanations given to us, we certify that the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations, as applicable with the Stock Exchange have been complied with in all material respects by the Company.

Kolkata, 30th May, 2016

A. K. Basak  
Partner  
Membership Number-10240  
For and on behalf of  
**Dutta, Ghosh & Associates**  
Chartered Accountants  
Firm Registration No. 309088E

**FIVE YEAR FINANCIAL HIGHLIGHTS**

₹ '000

	2012	2013	2014	2015	2016
SHARE CAPITAL	38,832	38,832	38,832	38,832	<b>38,832</b>
RESERVE & SURPLUS	261,944	278,904	298,557	333,351	<b>358,171</b>
SHAREHOLDERS' FUND (Equity)	300,776	317,736	337,389	372,183	<b>397,003</b>
LOAN FUND (DEBT)	31,490	37,102	28,518	22,776	<b>24,674</b>
DEFERRED TAX LIABILITY/(ASSET)	(7,451)	(7,693)	2,464	2,199	<b>2,148</b>
FIXED ASSETS (NET)	96,273	91,565	88,976	100,309	<b>100,695</b>
INVESTMENTS	91,503	89,292	115,261	115,459	<b>115,431</b>
NET CURRENT ASSETS	137,039	166,288	164,134	181,389	<b>207,699</b>
NET ASSETS EMPLOYED	332,266	354,838	365,907	394,958	<b>421,677</b>
SALES	287,398	281,275	330,747	300,029	<b>187,311</b>
PROFIT (LOSS) BEFORE TAX	38,331	31,579	45,996	57,213	<b>45,654</b>
PROFIT (LOSS) AFTER TAX	23,840	26,046	28,739	46,478	<b>36,505</b>
DIVIDEND DISTRIBUTED *	6,770	9,086	9,086	11,684	<b>11,684</b>
RETAINED EARNINGS FOR THE YEAR	7,565	4,525	9,177	8,971	<b>8,792</b>
EQUITY DIVIDEND %	15	20	20	25	<b>25</b>
EARNINGS PER EQUITY SHARE	6.14	6.71	7.40	11.97	<b>9.40</b>
SHAREHOLDERS' FUND PER EQUITY SHARE	77.46	81.82	86.88	95.85	<b>102.24</b>
DEBT/ EQUITY RATIO	0.10:1	0.12:1	0.08:1	0.06:1	<b>0.06:1</b>

\* Inclusive of Dividend Tax

## **INDEPENDENT AUDITORS' REPORT**

To The Members of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED**

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

We have audited the accompanying financial statements of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### ***Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements

**INDEPENDENT AUDITORS' REPORT– (Contd.)**

that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the said 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matters**

We did not audit the financial statements / information of three divisions included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 253,414,218/- as at 31st March, 2016 and total revenues of ₹ 180,880,030/- for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these divisions have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these divisions, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the 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 reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing our report.
- d. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
  - i. The Company has disclosed the impact of pending litigations on its financial statements – Refer Note – 27.01 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Kolkata, 30th May, 2016

A. K. Basak  
Partner  
Membership Number-10240  
For and on behalf of  
**Dutta, Ghosh & Associates**  
Chartered Accountants  
Firm Registration No. 309088E

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

**Annexure referred to in Paragraph 1 of our Report of even date to the Members of *KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED* on the accounts of the company for the year ended 31st March, 2016**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of immovable properties of the Company are in the name of the Company.
2. (a) The inventory of the Company at all its locations has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and the same have been properly dealt with in the books of account.
3. (a) The Company granted during the year an unsecured loan to a Company covered in the register under section 189 of the Act. The company has not granted any other loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (b) The terms and conditions of the aforesaid granting of unsecured loan are not prejudicial to the interest of the Company.
- (c) The loan together with the interest has been repaid as per stipulation during the year.
4. The Company has complied with the provisions of sections 185 and 186 of the Act with regard to loan given to a body corporate and investments made during the year. According to the information and explanations given to us, the company has not given any guarantee or provided any security in connection with loan to any other body corporate.
5. The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Rules framed there under.
6. The Central Government has not specified the maintenance of cost records under sub-section (1) of section 148 of the Act.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the undisputed statutory dues

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT– (Contd.)**

including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues as applicable have been regularly deposited by the Company during the year with the appropriate authorities. There is no arrear statutory dues outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues in respect of Income Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax as at 31st March, 2016, which have not been deposited on account of any dispute other than Sales Tax dues as set out below :

Name of Statute	Nature of Dues	Amount ₹	Period of which the amount related	Forum where dispute is pending
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	3,22,570	1986 – 89	The Tamil Nadu Taxation special Tribunal as per directions of the High Court at Madras

8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or banks or government. The Company had neither any outstanding debentures at the beginning of the year nor has it issued any debentures during the year.
9. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised money by way of initial public offer or further public offer (including debt instrument) and term loans.
10. According to the information and explanations given to us and the records of the Company examined by us, we have not noticed any fraud by the Company or any fraud on the Company by its officers or employees during the year.
11. In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
12. The Company is not a Nidhi Company and accordingly the Nidhi Rules 2014 are not applicable to the Company.
13. According to the information and explanations given to us and the records of the Company examined by us, all transaction with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements as required by applicable accounting standards.

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT– (Contd.)**

14. According to the records of the Company examined by us and the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him.
16. According to the records of the Company examined by us and the information and explanation given to us, the Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

Kolkata, 30th May, 2016

A. K. Basak  
Partner  
Membership Number-10240  
For and on behalf of  
**Dutta, Ghosh & Associates**  
Chartered Accountants  
Firm Registration No. 309088E

**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

**Annexure “A” to the Independent Auditor’s Report of even date on the Standalone Financial Stateemnts of *KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED* for the year ended 31st March, 2016**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

To the Members of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED**

We have audited the internal financial controls over financial reporting of ***KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED*** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

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

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

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

**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT – (Contd.)****Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Explanatory Paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143 (10) of the Act, the financial statements of Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 30, 2016 expressed an unqualified opinion thereon.

Kolkata, 30th May, 2016

A. K. Basak  
Partner  
Membership Number-10240  
For and on behalf of  
**Dutta, Ghosh & Associates**  
Chartered Accountants  
Firm Registration No. 309088E

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

	Note	As at 31st March, 2016		As at 31st March, 2015	
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Fund</b>					
(a) Share Capital	2	38,831,750		38,831,750	
(b) Reserves and Surplus	3	358,171,432		333,350,777	
			397,003,182		372,182,527
<b>(2) Non - Current Liabilities</b>					
(a) Deferred Tax Liabilities (Net)	4	2,148,104		2,198,624	
(b) Long Term Provisions	5	1,890,364		1,880,894	
			4,038,468		4,079,518
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	24,674,163		22,776,081	
(b) Trade Payables	7	15,797,195		11,302,908	
(c) Other Current Liabilities	8	5,337,680		5,023,728	
(d) Short Term Provisions	9	11,684,246		11,684,246	
			57,493,284		50,786,963
<b>TOTAL</b>			<b>458,534,934</b>		<b>427,049,008</b>
<b>II. ASSETS</b>					
<b>(1) Non - Current Assets</b>					
(a) Fixed Assets	10				
(i) Tangible Assets		62,874,129		67,559,688	
(ii) Capital Work-in-progress		37,821,263		32,749,434	
(b) Non - Current Investments	11	115,430,869		115,458,765	
(c) Long Term Loans and Advances	12	4,937,047		4,590,931	
			221,063,308		220,358,818
<b>(2) Current Assets</b>					
(a) Inventories	13	101,145,492		63,190,496	
(b) Trade Receivables	14	12,467,951		12,668,891	
(c) Cash and Cash Equivalents	15	64,794,427		107,423,903	
(d) Short Term Loans and Advances	16	58,529,247		20,891,231	
(e) Other Current Assets	17	534,509		2,515,669	
			237,471,626		206,690,190
<b>TOTAL</b>			<b>458,534,934</b>		<b>427,049,008</b>
Significant Accounting Policies	1				

This is the Balance Sheet referred to in our report of even date.

The Notes referred to above form an integral part of the Standalone Financial Statements.

On behalf of the Board

A.K.Basak  
 Partner  
 Membership Number-10240  
 For and on behalf of  
 Dutta, Ghosh & Associates  
 Chartered Accountants  
 Kolkata,  
 30th May, 2016  
 Firm Registration No. 309088E

M. L. Daga  
 Company Secretary

A. K. Kothari  
 Chairman  
 A. K. Toshniwal  
 Mg. Director

**STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

<b>INCOME :</b>	Note	<b>2015 – 2016</b>	<b>2014 – 2015</b>
		<b>₹</b>	<b>₹</b>
Revenue from Operations	18	<b>180,880,030</b>	289,174,272
Other Income	19	<b>16,487,665</b>	15,718,552
<b>Total Revenue</b>		<b><u>197,367,695</u></b>	<b><u>304,892,824</u></b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	20	<b>117,480,683</b>	148,371,208
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	<b>(47,495,493)</b>	4,986,371
Employee Benefits Expense	22	<b>27,914,433</b>	26,105,889
Finance Costs	23	<b>2,068,477</b>	1,027,187
Depreciation and Amortisation Expense	24	<b>8,630,618</b>	16,755,562
Other Expenses	25	<b>43,114,596</b>	50,433,741
<b>Total Expenses</b>		<b><u>151,713,314</u></b>	<b><u>247,679,958</u></b>
<b>PROFIT BEFORE TAXATION</b>		<b>45,654,381</b>	57,212,866
Provision For Tax :			
Current Tax		<b>(9,200,000)</b>	(11,000,000)
Deferred Tax (Net)		<b>50,520</b>	265,279
<b>PROFIT FOR THE YEAR</b>		<b><u>36,504,901</u></b>	<b><u>46,478,145</u></b>
<b>Earning per Ordinary Share of Rs. 10/- each</b>			
Basic and Diluted	26	<b>9.40</b>	11.97
Significant Accounting Policies	1		

This is the Balance Sheet referred to in our report of even date.

The Notes referred to above form an integral part of the Standalone Financial Statements.

On behalf of the Board

A.K.Basak  
Partner  
Membership Number-10240  
For and on behalf of  
Dutta, Ghosh & Associates  
Chartered Accountants  
Firm Registration No. 309088E

Kolkata,  
30th May, 2016

M. L. Daga  
Company Secretary

A. K. Kothari  
Chairman

A. K. Toshniwal  
Mg. Director



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

	2015 – 2016		2014 – 2015	
	₹	₹	₹	₹
<b>A. Cash Flow from Operating Activities :</b>				
Profit before Tax and Extraordinary/ Non-recurring items		<b>45,654,381</b>		57,212,866
Adjustments for :				
Depreciation and Amortisation	<b>8,630,618</b>		16,755,562	
Loss on Sale/Discard of Fixed Assets (Net)	–		2,513,066	
Income from Investments (Dividend)	<b>(992,132)</b>		(4,750,096)	
Profit on Sale of Investments	<b>(3,945,481)</b>		(2,618,683)	
Irrecoverable Bad & Sundry Receivables written off	<b>728,223</b>		1,976,848	
Provision for Doubtful Receivables	–		687,625	
Interest (Net)	<b>(8,396,323)</b>		(4,110,305)	
Liabilities of provisions no longer required written back	<b>(951,951)</b>	<b>(4,927,046)</b>	(410,112)	10,043,905
Operating Profit before Working Capital Changes		<b>40,727,335</b>		67,256,771
Adjustments for :				
Trade and Other Receivables	<b>2,928,765</b>		29,592,605	
Inventories	<b>(37,954,996)</b>		26,082,535	
Trade Payables	<b>5,739,716</b>	<b>(29,286,515)</b>	(25,135,320)	30,539,820
Cash Generated from Operations		<b>11,440,820</b>		97,796,591
Direct Taxes - (Payments)/Refunds	<b>(14,034,394)</b>	<b>(14,034,394)</b>	(14,812,452)	(14,812,452)
<b>Net Cash (used in)/ From Operating Activities</b>		<b>(2,593,574)</b>		<b>82,984,139</b>
<b>B. Cash Flow From Investing Activities :</b>				
Purchase of Fixed Assets	<b>(9,016,888)</b>		(30,627,907)	
Proceeds from Sale of Fixed Assets	–		25,952	
Dividend Received	<b>992,132</b>		4,750,096	
Purchase of Investments	<b>(18,674,323)</b>		(19,551,756)	
(Increase) / Decrease in Loans Given	<b>(35,000,000)</b>		–	
Proceeds from Sale of Investments	<b>22,647,700</b>		21,971,666	
Interest Received	<b>10,840,174</b>		5,519,971	
<b>Net Cash (Used in) / From Investing Activities</b>		<b>(28,211,205)</b>		<b>(17,911,978)</b>

**STANDALONE CASH FLOW STATEMENT (Contd.)**

	2015 – 2016		2014 – 2015	
	₹	₹	₹	₹
<b>C. Cash Flow from Financing Activities</b>				
Net Increase/(Decrease) in Short Term Borrowings from Banks	1,898,082		(5,741,658)	
Interest Paid	(2,068,477)		(1,027,187)	
Dividends Paid	(9,677,994)		(7,753,840)	
Dividend Tax Paid	(1,976,308)		(1,319,891)	
<b>Net Cash (Used in) / From Financing Activities</b>		(11,824,697)		(15,842,576)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b>		<u>(42,629,476)</u>		<u>49,229,585</u>
<b>Opening Cash and Cash Equivalents</b>	107,423,903		58,194,318	
<b>Closing Cash and Cash Equivalents</b>	<u>64,794,427</u>	<u>(42,629,476)</u>	<u>107,423,903</u>	<u>49,229,585</u>
<b>Cash and Cash Equivalents Comprise :</b>				
Cash in Hand and Balances with Banks		<u>64,794,427</u>		<u>107,423,903</u>
(As per Note - 15)				

**NOTES :**

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.
- Previous year's figures have been regrouped / re-arranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

Kolkata, 30th May, 2016	A.K.Basak Partner Membership Number-10240 For and on behalf of Dutta, Ghosh & Associates Chartered Accountants Firm Registration No. 309088E	On behalf of the Board  M. L. Daga      A. K. Kothari      A. K. Toshniwal Company Secretary      Chairman      Mg. Director
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**1. SIGNIFICANT ACCOUNTING POLICIES:**
**1.1 Basis of accounting:**

These financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India (Indian GAAP), the applicable accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent notified. The financial statements have been prepared under the historical cost convention on an accrual basis.

**1.2 Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation and cumulative impairment losses, if any. Cost includes cost of acquisition inclusive of duties, taxes, incidental expenses, erection / commissioning expenses and borrowing cost attributable to qualifying assets up to the date, the asset is put to use. The cost of extension planting on cultivable land including cost of development is capitalized.

**1.3 Depreciation & Amortization:**

- (a) Depreciation is provided on the 'Written Down Value Method' at rates determined based on useful lives of the respective assets and the residual values in accordance with Schedule II of the Companies Act, 2013 or re assessed by the Company based on technical evaluation except in case of Phytochemicals Division and Hexamine plant of Southern Synthetics Division and Claro India Division where Straight Line Method is followed determined based on useful lives of the respective assets.
- (b) Leasehold land is being amortised over the period of lease.

**1.4 Impairment of Assets :**

The carrying amounts of Fixed Assets are reviewed at each balance sheet date to determine, if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of the fixed assets of a cash generating unit exceeds its recoverable amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

**1.5 Investments:**

Long term investments are stated at cost with an appropriate provision for diminution in value, other than temporary in nature, in the valuation of long term investments. Current Investments are stated at lower of cost and fair value. Gains / losses on disposal of investments are recognised as income / expenditure.

**1.6 Foreign Currency Transactions:**

Transaction in foreign currencies is recognized at rates existing at transaction date. Year – end balances of receivables / payables are translated at applicable year – end rates and resultant translation gain / loss is recognized in the Statement of Profit and Loss. Exchange differences, if any, relating to Fixed Assets acquired outside India are recognized in the Statement of Profit & Loss.

**1.7 Inventories:**

Inventories are valued as under:-

- Raw materials - At cost on weighted average method / FIFO.
- Stores and spare parts - At cost on weighted average method / FIFO.
- Materials in process - At estimated cost.
- Finished goods - At cost on weighted average method or net realizable value, whichever is lower.

**1.8 Employee Benefits:**
**(a) Defined Contribution Plans**

Contributions to defined contribution schemes such as Provident Fund, etc. are charged to Statement of Profit & Loss as and when they are paid to government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.

**(b) Defined Benefit Plans**

The Company has a defined benefit Gratuity Plan covering all its employees. Gratuity is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognized in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for, based on the actuarial valuation carried out in accordance with revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' as at the end of the year.

**(c) Other long term employee benefits**

Other long term employee benefit comprises of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

**1.9 Research and Development:**

Revenue expenditure on Research and Development is expensed in the year in which it is incurred and related Capital Expenditure is considered as addition to fixed assets.

**1.10 Borrowing Costs:**

Borrowing Costs that are attributable to the acquisition of construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**1.11 Taxes on Income:**

Income Tax expenses comprise current tax and deferred tax charge. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

**1.12 Segment reporting :**
**(a) Identification of segments**

The Company's operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

**(b) Allocation of common costs**

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

**(c) Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to business segment.

**(d) Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**1.13 Earnings Per Share :**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**1.14 Provisions:**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is possible that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

**1.15 Contingent liabilities :**

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

**1.16 Recognition of Income and Expenditure :**

Items of income and expenditure are recognized on accrual and prudent basis.

**1.17 Leases:**

For assets acquired under Operating Lease, rentals payable are charged to Statement of Profit and Loss. Assets acquired under Finance Lease are capitalized at lower of the Fair Value and Present Value of Minimum Lease Payments. Lease income from operating leases is recognised in the Statement of Profit and Loss over the period of Lease.

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>NOTE - 2</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
	<b>₹</b>	<b>₹</b>
<b>SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
300,000 Preference Shares of ₹ 100/- each.	<b>30,000,000</b>	30,000,000
17,000,000 Ordinary Shares of ₹ 10/- each.	<b>170,000,000</b>	170,000,000
	<b><u>200,000,000</u></b>	<b><u>200,000,000</u></b>
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>		
3,883,175 (2015 - 3,883,175) Ordinary Shares of ₹ 10/- each fully paid-up.	<b>38,831,750</b>	38,831,750
	<b><u>38,831,750</u></b>	<b><u>38,831,750</u></b>

2.1 The Company has issued Ordinary shares having a par value of ₹ 10/- per share. Each holder of Ordinary shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31st March 2016, the amount of dividend per share recognised as distributions to Ordinary shareholders was ₹ 2.50 (2015 ₹ 2.50).

In the event of liquidation of the Company, the holders of Ordinary shares will be entitled to receive remaining assets of the Company, after payment of Secured, Unsecured Liabilities and Other Creditors. The distribution will be in proportion to the number of Ordinary shares held by the shareholders.

2.2 The details of shareholders holding more than 5% shares.

<b>Name</b>	<b>As at 31st March 2016</b>		<b>As at 31st March 2015</b>	
	<b>% held</b>	<b>No. of Shares</b>	<b>% held</b>	<b>No. of Shares</b>
Commercial House Private Limited	<b>19.45%</b>	<b>755,414</b>	19.45%	755,414
Kothari & Company Private Limited	<b>15.32%</b>	<b>594,960</b>	15.32%	594,960
M. D. Kothari & Company Limited	<b>14.85%</b>	<b>576,525</b>	14.85%	576,525
Kothari Investment & Industries Private Limited	<b>14.18%</b>	<b>550,720</b>	14.18%	550,720
Vishnuhari Investments & Properties Limited	<b>6.22%</b>	<b>241,568</b>	6.22%	241,568

2.3 The reconciliation of the number of shares outstanding is set out below.

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Ordinary Shares at the beginning of the year	<b><u>3,883,175</u></b>	<u>3,883,175</u>
Ordinary Shares at the end of the year	<b><u>3,883,175</u></b>	<u>3,883,175</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

NOTE - 3	As at 31st March, 2016		As at 31st March, 2015	
	₹	₹	₹	₹
<b>RESERVES AND SURPLUS</b>				
Capital Reserve				
As per last Balance Sheet		<b>9,193,040</b>		9,193,040
Securities Premium Account				
As per Last Balance Sheet		<b>1,450,657</b>		1,450,657
General Reserve				
As per last Balance Sheet	<b>313,735,809</b>		278,735,809	
Add : Transferred from statement of Profit and Loss	<u><b>25,000,000</b></u>		<u>35,000,000</u>	
		<b>338,735,809</b>		313,735,809
Surplus in the Statement of Profit and Loss				
As per last Balance Sheet	<b>8,971,271</b>		9,177,372	
Add : Profit for the year	<u><b>36,504,901</b></u>		<u>46,478,145</u>	
	<b>45,476,172</b>		<b>55,655,517</b>	
Less : Appropriations :				
Transferred to General Reserve	<b>25,000,000</b>		35,000,000	
Proposed Dividend on Equity Shares	<b>9,707,938</b>		9,707,938	
[Dividend per Share ₹ 2.50 (2015 ₹ 2.50)]				
Tax on Proposed Dividend	<u><b>1,976,308</b></u>		<u>1,976,308</u>	
		<u><b>8,791,926</b></u>		<u>8,971,271</u>
		<b>358,171,432</b>		<b>333,350,777</b>



**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

		As at 31st March, 2016		As at 31st March, 2015
NOTE - 4	₹	₹	₹	₹
<b>DEFERRED TAX LIABILITIES (NET)</b>				
<b>Liabilities</b>				
– Difference between net book value of depreciable fixed assets as per books vis - a - vis written down value as per Income Tax Act.		4,524,688		4,729,702
<b>Less : Assets</b>				
– Accrued expenses deductible on payment basis / Employee Benefits	845,773		815,894	
– Provision for Diminution in the Value of Investments	1,487,835		1,487,835	
– Provision for Doubtful Receivables	42,976		227,349	
		<u>2,376,584</u>		<u>2,531,078</u>
		<u>2,148,104</u>		<u>2,198,624</u>

**NOTE - 5**
**LONG TERM PROVISIONS**

Provision for Employee Benefits

– Gratuity	170,028	114,671
– Leave Encashment Benefit	1,720,336	1,766,223
	<u>1,890,364</u>	<u>1,880,894</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
<b>NOTE - 6</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<b>PHYTOCHEMICALS DIVISION</b>		
Working Capital Loans		
– From Vijaya Bank		
i) Cash Credit		
Exclusive First Charge on Entire Stocks of Raw Materials, Semi Finished and Finished Goods, Receivables and entire Fixed Assets of the Division and further secured by deposit of Title Deeds of 23.24 acres Land situated at Nagari.	<b>657,780</b>	2,150,221
ii) Packing Credit		
Exclusive First Charge on Entire Stocks of Raw Materials, Semi Finished and Finished Goods and further secured by deposit of Title Deeds of 23.24 acres Land situated at Nagari and the entire Fixed Assets of the Division. Stock against Packing Credit Limit facility shall be backed by firm Export Orders.	<b>23,995,906</b>	20,605,383
<b>Unsecured</b>		
State Government of Tamil Nadu -		
Sales Tax Deferral Scheme	<u><b>20,477</b></u>	<u>20,477</u>
	<u><b>24,674,163</b></u>	<u>22,776,081</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
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**NOTE - 7**
**TRADE PAYABLES**

For Goods	<b>15,797,195</b>	11,302,908
	<u><b>15,797,195</b></u>	<u>11,302,908</u>

(As per information available with the Company no amount is due to Micro, Small and Medium Enterprises)

**NOTE - 8**
**OTHER CURRENT LIABILITIES**

Unpaid Dividend (To be credited to Investor Education & Protection Fund as and when become due)	<b>171,772</b>	141,811
Unpaid Fractional amount of shares	<b>234,811</b>	234,828
Other Payables*	<b>4,931,097</b>	4,647,089
	<u><b>5,337,680</b></u>	<u>5,023,728</u>

\*Includes Statutory Liabilities ₹ 637,863/- (2015 ₹ 702,122/-), Salary, Wages and Bonus ₹ 1,426,493/- (2015 ₹ 976,909/-) and Commission Payable ₹ 537,303/- (2015 ₹ 537,303/-)

**NOTE - 9**
**SHORT TERM PROVISIONS**

Proposed Dividend	<b>9,707,938</b>	9,707,938
Tax on Proposed Dividend	<b>1,976,308</b>	1,976,308
	<u><b>11,684,246</b></u>	<u>11,684,246</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE - 10**
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Balance as at 31st March, 2015	Additions	Deduction/ Adjustment	Balance as at 31st March, 2016	Balance as at 31st March, 2015	Depreciation/ Amortisation for the year (refer Note below)	Deduction/ Adjustment	Balance as at 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015
<b>Tangible Assets</b>	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Leasehold Land	1,262,400	-	-	1,262,400	293,298	12,752	-	306,050	956,350	969,102
Freehold Land	2,074,532	-	-	2,074,532	-	-	-	-	2,074,532	2,074,532
Buildings	37,915,717	-	-	37,915,717	17,627,762	883,671	-	18,511,433	19,404,284	20,287,955
Plant and Equipment	141,120,178	1,764,244	-	142,884,422	98,779,248	7,011,027	-	105,790,275	37,094,147	42,340,930
Electric Installation	6,419,262	-	-	6,419,262	5,817,404	48,706	-	5,866,110	553,152	601,858
Computers	1,171,697	-	-	1,171,697	1,045,975	41,801	-	1,087,776	83,921	125,722
Office Equipment	1,645,294	37,250	-	1,682,544	1,210,663	131,780	-	1,342,443	340,101	434,631
Furniture and Fixtures	588,006	-	-	588,006	465,505	12,189	-	477,694	110,312	122,501
Motor Vehicles	1,536,548	2,143,565	-	3,680,113	934,091	488,692	-	1,422,783	2,257,330	602,457
<b>Total :</b>	<b>193,733,634</b>	<b>3,945,059</b>	<b>-</b>	<b>197,678,693</b>	<b>126,173,946</b>	<b>8,630,618</b>	<b>-</b>	<b>134,804,564</b>	<b>62,874,129</b>	<b>67,559,688</b>
<b>Capital Work in Progress</b>	<b>32,749,434</b>	<b>6,388,629</b>	<b>1,316,800</b>	<b>37,821,263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,821,263</b>	<b>32,749,434</b>
<b>2015</b>	<b>200,977,845</b>	<b>3,066,771</b>	<b>10,310,982</b>	<b>193,733,634</b>	<b>117,190,348</b>	<b>16,755,562</b>	<b>7,771,964</b>	<b>126,173,946</b>	<b>67,559,688</b>	

Note : Includes ₹ Nil (2015 ₹ 6,457,682/-) on account of adjustmet due to transitional provision of schedule II of the Companies Act 2013.

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>NOTE - 11</b>	<b>Face Value</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
	₹	₹	₹
<b>NON - CURRENT INVESTMENTS</b>			
<i>(Long Term Investments)</i>			
<b>Other than Trade - At or under cost</b>			
<b>A. INVESTMENT IN ASSOCIATES:</b>			
<b>In Equity Shares - Quoted, fully paid up</b>			
5,501,078 Gillanders Arbuthnot & Company Limited	10	51,748,615	51,748,615
(2015 - 5,501,078)			
<b>TOTAL A</b>		<b>51,748,615</b>	<b>51,748,615</b>
<b>B. INVESTMENT IN OTHERS:</b>			
<b>(i) In Equity Shares - Quoted, fully paid up</b>			
6,000 Welspun Corporation Limited	5	1,362,315	1,362,315
(2015 - 6,000)			
104 Kesoram Textile Mills Limited	2	—	—
(2015 - 104)			
500 Vijaya Bank Limited	10	12,000	12,000
(2015 - 500)			
195 Xpro India Limited	10	—	—
(2015 - 195)			
61,589 Albert David Limited	10	5,892,361	6,731,077
(2015 - 70,335) (Sold 8746 shares during the year)			
4,400 Century Textile & Industries Limited	10	1,936,827	1,936,827
(2015 - 4,400)			
15,000 Assam Company India Limited	1	316,081	316,081
(2015 - 15,000)			
175 Balmer Lawrie & Company Limited	10	59,005	59,005
(2015 - 175)			
2,000 Crains Software International Limited	2	58,574	222,976
(2015 - 6,000) (Sold 4000 shares during the year)			
8,500 The Dhampur Sugar Mills Limited	10	959,707	959,707
(2015 - 8,500)			
13,000 Electrosteel Castings Limited	1	538,633	538,633
(2015 - 13,000)			
6,000 GMR Infrastructure Limited	1	351,659	351,659
(2015-6,000)			
— Rico Auto Industries Limited	1	—	29,128
(2015 - 1,000) (Sold 1000 shares during the year)			
Carried Forward		<b>11,487,162</b>	<b>12,519,408</b>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>NOTE -11 (Contd.)</b>		Face Value ₹	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
	Brought Forward		<b>11,487,162</b>	12,519,408
250	<b>Deccan Cements Limited</b>	10	<b>49,652</b>	198,606
(2015 - 1,000)	(Sold 750 shares during the year)			
5,500	<b>IOL Chemicals and Pharmaceuticals Limited</b>	10	<b>347,574</b>	600,735
(2015 - 9,500)	(Sold 4000 shares during the year)			
3,800	<b>Jai Prakash Associates Limited</b>	2	<b>250,973</b>	250,973
(2015 - 3,800)				
500	<b>Titan Company Limited</b>	1	<b>102,200</b>	102,200
(2015 - 500)				
1,500	<b>Graphite India Limited</b>	2	<b>146,664</b>	146,664
(2015 - 1,500)				
7,000	<b>HBL Power Systems Limited</b>	1	<b>147,305</b>	168,348
(2015 - 8,000)	(Sold 1000 shares during the year)			
2,000	<b>Inox Leisure Limited</b>	10	<b>366,347</b>	815,266
(2015 - 5,000)	(Sold 3500 shares and Purchase 500 shares during the year)			
1,200	<b>Larsen and Toubro Limited</b>	2	<b>1,875,700</b>	1,875,700
(2015 - 1,200)				
10,000	<b>Opto Circuits (India) Limited</b>	10	<b>406,384</b>	406,384
(2015 - 10,000)				
2,700	<b>Tata Steel Limited</b>	10	<b>1,379,484</b>	1,379,484
(2015 - 2,700)				
	<b>TOTAL B (i)</b>		<b>16,559,445</b>	18,463,768
<b>(ii) In Equity Shares - Unquoted, fully paid up</b>				
1,160	<b>Tulip Tea Company Limited</b>	25	<b>9,110</b>	9,110
(2015 - 1,160)				
15	<b>Aaham Printers Private Limited (in Liquidation)</b>	100	<b>1</b>	1
(2015 - 15)				
50,000	<b>Satyam Financial Services Limited</b>	10	<b>501,250</b>	501,250
(2015 - 50,000)				
60	<b>Cimmco Limited</b>	10	<b>10,800</b>	10,800
(2015 - 60)				
	Carried Forward		<b>521,161</b>	521,161

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>NOTE -11 (Contd.)</b>		Face Value ₹	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
	Brought Forward		<b>521,161</b>	521,161
2,929	<b>Pilani Investment &amp; Industries Corporation Limited</b>	10	<b>8,338</b>	8,338
(2015 - 2,929)				
350	<b>Vardhaman Special Steels Limited</b>	10	—	—
(2015 - 350)				
450,000	<b>Vidyasagar Industries Private Limited</b>	10	<b>4,500,000</b>	4,500,000
(2015 - 450,000)				
296,504	<b>Bharat Fritz Werner Limited</b>	2	<b>29,789,757</b>	29,789,757
(2015 - 296,504)				
2,000	<b>Bharat Fritz Werner Limited DVR</b>	2	<b>210,180</b>	210,180
(2015 - 2,000)				
	<b>Less: Provision for Diminution in carrying amount of Investments</b>		<b>(4,500,000)</b>	(4,500,000)
	<b>TOTAL B (ii)</b>		<b><u>30,529,436</u></b>	<u>30,529,436</u>
<b>(iii) In Mutual Fund - Quoted, fully paid up</b>				
47,112.5210	<b>DSP Black Rock India T.I.G.E.R Fund – Regular Plan - Growth</b>	10	<b>2,912,119</b>	2,912,119
(2015-47,112.5210)				
75,564.9650	<b>DSP Black Rock Small and Mid Cap Fund– Regular Plan - Growth</b>	10	<b>2,219,872</b>	2,219,872
(2015-75,564.9650)				
11,959.6190	<b>ICICI Prudential Value Discovery Fund - Growth</b>	10	<b>1,095,979</b>	1,095,979
(2015-11,959.6190)				
40,811.8580	<b>IDFC Premier Equity Fund – Growth - (Regular Plan)</b>	10	<b>2,348,645</b>	2,348,645
(2015-40,811.8580)				
	Carried Forward		<b><u>8,576,615</u></b>	<u>8,576,615</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>NOTE -11 (Contd.)</b>		Face	As at 31st	As at 31st
		Value	March,	March,
		₹	2016	2015
	Brought Forward		8,576,615	8,576,615
44,114.4630	<b>Reliance Equity Opportunities Fund -</b>			
	<b>Growth Plan Growth Option</b>	10	3,348,186	2,749,853
(2015 - 44,114.4630)	(Purchased 79053.7790 units and Sold 79053.7790 units during the year)			
127,361.5050	<b>Reliance Mid &amp; Small Cap Fund –</b>			
	<b>Growth Plan Growth Option</b>	10	3,390,478	3,390,478
(2015-127,361.5050)				
647.5610	<b>Reliance Money Manager Fund –</b>			
	<b>Growth Plan Growth Option</b>	10	1,278,094	–
(2015 - Nil)	(Purchased 6,226.3070 units and Sold 5578.7460 units during the year)			
	<b>TOTAL B (iii)</b>		<b>16,593,373</b>	14,716,946
	<b>TOTAL B (i to iii)</b>		<b>63,682,254</b>	63,710,150
	<b>TOTAL (A + B)</b>		<b>115,430,869</b>	115,458,765
Aggregate amount of quoted investments				
	(including investments in Mutual Fund)		84,901,433	84,929,329
Aggregate amount of unquoted investments			35,029,436	35,029,436
			<b>119,930,869</b>	119,958,765
Less : Provision for diminution in carrying amount of investments			4,500,000	4,500,000
			<b>115,430,869</b>	115,458,765
Aggregate Market Value of quoted investments			365,437,255	318,912,479
Aggregate NAV of units in Mutual Fund			17,897,275	18,022,684
			<b>383,334,530</b>	336,935,163



**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>NOTE -12</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered good unless stated otherwise)		
Security Deposits	2,625,420	2,599,304
Capital Advances	2,296,627	1,976,627
Other Loans and Advances	67,521	67,521
	<u>4,989,568</u>	<u>4,643,452</u>
Less: Provision for Doubtful Advances	52,521	52,521
	<u>4,937,047</u>	<u>4,590,931</u>

**NOTE -13**
**INVENTORIES**

Raw Materials	16,372,339	25,342,162
Materials - in - Process	77,615,595	31,259,255
Finished Goods	2,272,979	1,133,826
Stores and Spare Parts	4,884,579	5,455,253
	<u>101,145,492</u>	<u>63,190,496</u>

**NOTE -14**
**TRADE RECEIVABLES**

(Unsecured, Considered good unless stated otherwise)

Debts over six months		
Considered Good	9,794	688,812
Considered Doubtful	129,982	687,625
	<u>139,776</u>	<u>1,376,437</u>
Less : Provision for Doubtful Trade Receivable	129,982	687,625
	<u>9,794</u>	<u>688,812</u>
Other Debts	12,458,157	11,980,079
	<u>12,467,951</u>	<u>12,668,891</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
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**NOTE -15**
**CASH AND CASH EQUIVALENTS**

Balances with Banks #	<b>50,360,936</b>	7,023,955
Cash in Hand	<b>18,247</b>	132,198
Fixed deposits with banks	<b>14,415,244</b>	100,267,750
	<b><u>64,794,427</u></b>	<u>107,423,903</u>

# Balance with Banks includes Unpaid Dividend of ₹ 171,772/- (2015 ₹ 141,811/-) and Unpaid Fractional amount of shares ₹ 234,811/- (2015 ₹ 234,828/-)

**NOTE -16**
**SHORT TERM LOANS AND ADVANCES**

Loan to Body Corporate	<b>35,000,000</b>	—
Advances to Suppliers	<b>314,254</b>	3,146,120
Balance with Customs, Central Excise Authorities	<b>10,118,030</b>	8,380,399
Other Loans and Advances	<b>1,204,445</b>	2,306,588
Advance payment of Tax (Net of Provision) (Inclusive of Tax Deducted at Source)	<b>11,892,518</b>	7,058,124
	<b><u>58,529,247</u></b>	<u>20,891,231</u>

**NOTE -17**
**OTHER CURRENT ASSETS**

Interest accrued on Loans and Deposits	<b>89,958</b>	465,332
Export Incentive Receivable	<b>444,551</b>	2,050,337
	<b><u>534,509</u></b>	<u>2,515,669</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>NOTE - 18</b>	<b>2015 - 2016</b>		<b>2014 - 2015</b>	
	₹	₹	₹	₹
<b>REVENUE FROM OPERATIONS</b>				
<b>SALE OF PRODUCTS</b>				
Calcium Sennoside	939,646		4,043,814	
Brucine Sulphate	5,490,952		201,206	
Strychnine Sulphate	66,766,784		146,150,347	
Tolbutamide	10,108,142		10,637,212	
Chlorpropamide	405,068		2,731,452	
Metformin HCL	2,732,447		330,243	
Formaldehyde	10,775,855		30,424,890	
Hexamine	417,575		657,344	
Ammonia	—		420,023	
Paraformaldehyde	22,395,547		11,210,719	
Phenolic Resin	67,278,695		93,221,261	
		<b>187,310,711</b>		<b>300,028,511</b>
<b>OTHER OPERATING REVENUE</b>				
Export Incentives	1,460,527		2,116,535	
Claims	5,696		110,400	
Sale of Scrap	73,986		444,288	
Miscellaneous Receipts	37,300		—	
		<b>1,577,509</b>		<b>2,671,223</b>
		<b>188,888,220</b>		<b>302,699,734</b>
<b>LESS : EXCISE DUTY</b>		<b>8,008,190</b>		<b>13,525,462</b>
		<b>180,880,030</b>		<b>289,174,272</b>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

NOTE - 19	2015 - 2016		2014 - 2015	
	₹	₹	₹	₹
<b>OTHER INCOME</b>				
<b>Interest</b>				
Interest on Advances, Deposits and Others - Gross		<b>10,464,800</b>		5,137,492
<b>Dividend</b>				
From Long Term Investments - Other than Trade		<b>992,132</b>		4,750,096
<b>Net gain on Sale of Investments</b>				
Profit on Sale of Investments - Other than Trade		<b>3,945,481</b>		2,618,683
<b>Other Non - Operating Income</b>				
Exchange Rate Fluctuation (Net)	<b>71,459</b>		23,176	
Liabilities / Provision no longer required, written back	<b>394,308</b>		410,112	
Recovery of Bad Receivables Written off in earlier years	—		1,750,000	
Provision for Doubtful Receivables Written Back	<b>557,643</b>		—	
Miscellaneous Income	<b>61,842</b>		1,028,993	
		<b>1,085,252</b>		3,212,281
		<b>16,487,665</b>		15,718,552

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

NOTE -20	2015 – 2016 ₹	2014 – 2015 ₹
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**COST OF MATERIALS CONSUMED**

Senna Leaves and Pods	6,676,649	359,551
Methanol and Spirit	6,478,179	19,672,657
Nuxvomica Bark and Seeds	28,747,464	50,764,964
Remax	2,729,680	3,888,927
PTS Amide	3,601,961	–
Ammonia	–	515,937
N. Butylamine	779,553	743,864
Phenol	32,263,304	48,155,444
DEG	821,106	1,665,731
Others	35,382,787	22,604,133
	<u>117,480,683</u>	<u>148,371,208</u>

**NOTE - 21**
**CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK - IN - PROGRESS AND STOCK - IN - TRADE**
**Finished Goods**

Opening Inventories	1,133,826	8,519,913
Closing Inventories	<u>2,272,979</u>	<u>1,133,826</u>
Net (Increase) / Decrease	(1,139,153)	7,386,087

**Materials - in - Process**

Opening Inventories	31,259,255	28,859,539
Closing Inventories	<u>77,615,595</u>	<u>31,259,255</u>
Net (Increase) / Decrease	(46,356,340)	(2,399,716)
	<u>(47,495,493)</u>	<u>4,986,371</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	2015 - 2016 ₹	2014 - 2015 ₹
<b>NOTE -22</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	24,695,144	23,202,354
Contribution to Provident and Other Funds	1,705,562	1,548,405
Workmen and Staff Welfare Expenses	1,513,727	1,355,130
	<u>27,914,433</u>	<u>26,105,889</u>
<b>NOTE -23</b>		
<b>FINANCE COSTS</b>		
Interest Expenses	2,068,477	1,027,187
	<u>2,068,477</u>	<u>1,027,187</u>
<b>NOTE -24</b>		
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation (Refer Note 10)	8,617,866	16,742,810
Amortisation	12,752	12,752
	<u>8,630,618</u>	<u>16,755,562</u>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>NOTE -25</b>		<b>2015 – 2016</b>		<b>2014 – 2015</b>
	₹	₹	₹	₹
<b>OTHER EXPENSES</b>				
<b>Manufacturing Expenses</b>				
Consumption of stores and spare parts	<b>2,092,420</b>		2,139,905	
Power and Fuel	<b>15,416,018</b>		14,357,361	
Repairs to Buildings	<b>148,749</b>		359,419	
Repairs to Machinery	<b>2,805,229</b>		3,342,815	
Repairs to Other Assets	<b>551,577</b>		883,795	
		<b>21,013,993</b>		21,083,295
<b>Selling and Distribution Expenses</b>				
Freight, Shipping, Delivering and Selling Expenses	<b>5,533,344</b>		6,581,751	
Selling Agents' Commission (Other than Sole Selling Agents)	<b>132,057</b>		—	
Sales Promotion Expenses	<b>35,011</b>		85,609	
		<b>5,700,412</b>		6,667,360
<b>Establishment Expenses</b>				
Rent	<b>579,137</b>		617,749	
Rates and Taxes	<b>795,586</b>		938,777	
Bank Charges	<b>327,801</b>		190,422	
Travelling and Conveyance Expenses	<b>3,449,623</b>		4,447,912	
Postage and Telephone	<b>651,982</b>		727,337	
Printing and Stationery	<b>307,810</b>		370,277	
Subscription	<b>124,258</b>		137,344	
Insurance	<b>1,029,311</b>		1,055,788	
Motor Vehicle Expense	<b>543,455</b>		368,003	
Directors' Sitting Fees	<b>134,000</b>		112,000	
Directors' Commission	<b>300,000</b>		300,000	
Managing Directors Remuneration	<b>2,066,858</b>		1,416,425	

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -25 (Contd.)**

		2015 – 2016	2014 – 2015
	₹	₹	₹
Research and Development Expenses	<b>1,392,984</b>	1,701,497	
Legal and Professional Fee	<b>1,131,468</b>	1,412,985	
Internal Audit Fees	<b>68,700</b>	67,416	
Cost Audit Fees	–	40,000	
Loss on Sale of Fixed Assets	–	7,519	
Obsolete and Discarded Assets Written Off	–	2,505,547	
Bad and Sundry Receivables Written Off	<b>728,223</b>	1,976,848	
Provision for Bad and Doubtful Receivables	–	687,625	
Donation	<b>500,000</b>	700,000	
Miscellaneous Expenses	<b>1,806,926</b>	2,461,862	
		<b>15,938,122</b>	22,243,333
<b>Payment to Auditors</b>			
Auditor	<b>210,000</b>	210,000	
For Other Services	<b>127,080</b>	128,190	
For Reimbursement of Expenses	<b>75,452</b>	58,428	
For Service Tax	<b>49,537</b>	43,135	
		<b>462,069</b>	439,753
		<b>43,114,596</b>	50,433,741

**NOTE -26**
**EARNING PER ORDINARY SHARE**
**BASIC AND DILUTED**

Number of Ordinary Shares at the beginning of the year		<b>3,883,175</b>	3,883,175
Number of Ordinary Shares at the end of the year		<b>3,883,175</b>	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	A	<b>3,883,175</b>	3,883,175
Nominal value of each Ordinary Share (₹)		<b>10</b>	10
Profit after Tax (₹)	B	<b>36,504,901</b>	46,478,145
Earning Per Share (Basic and Diluted) (₹)	(B / A)	<b>9.40</b>	11.97



**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -27**

2015 – 2016    2014 – 2015  
₹                   ₹

27.01	Contingent Liabilities / Disputed Liabilities : (To the extent not provided for) Claims against the company not acknowledged as debts :-		
	i) Sales Tax under dispute	<b>322,570</b>	322,570
	ii) Demand in respect of earlier years made by Provident Fund Commissioner under appeal	<b>98,317</b>	98,317
	iii) Outstanding Bank Guarantees and Letter of credit	<b>1,000,000</b>	<b>3,402,000</b>
27.02	Commitments : Estimated amount of Contracts to be executed on Capital Account and not provided for:- [Net of Advance ₹ 1,700,000/- (2015 ₹ 1,075,000/-)]	<b>3,360,000</b>	3,556,655
27.03	Total Salaries, Wages and Bonus for the year.	<b>25,721,067</b>	24,247,135
27.04	Employee Benefits		

**Defined Benefits Plans**

The following table sets forth the particulars in respect of the Defined Benefit Plans of the Company for the year ended 31st March, 2016.

Description	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2016 ₹	2015 ₹	2016 ₹	2015 ₹
Reconciliation of Opening and Closing Balances of the Present Value of the Defined Benefit Obligation				
Present value of Obligation at the beginning of the year	<b>4,411,348</b>	4,078,534	<b>1,766,223</b>	1,549,453
Current Service Cost	<b>229,823</b>	223,787	<b>177,417</b>	175,781
Interest Cost	<b>352,908</b>	326,283	<b>123,308</b>	113,665
Actuarial (Gain) / Losses	<b>(180,191)</b>	(121,833)	<b>103,126</b>	184,608
Benefits Paid	<b>(292,687)</b>	(95,423)	<b>(449,738)</b>	(257,284)
Present value of Obligation at the end of the year	<b>4,521,201</b>	4,411,348	<b>1,720,336</b>	1,766,223

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -27 (Contd.)**
**Description**

<b>Gratuity (Funded)</b>		<b>Leave Encashment (Unfunded)</b>	
<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>

Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets

Fair Value of Plan Assets at the beginning of the year	<b>4,296,677</b>	4,032,987	—	—
Expected Return on Plan Assets	<b>347,183</b>	359,112	—	—
Contributions	—	1	—	—
Actuarial (Gain) / Losses	—	—	—	—
Benefits Paid	<b>(292,687)</b>	(95,423)	—	—
Fair Value of Plan Assets at the end of the year	<b>4,351,173</b>	4,296,677	—	—

Reconciliation of the Present Value of the Defined Benefit Obligation and fair value of Plan Assets

Present value of Obligation at the end of the year	<b>4,521,201</b>	4,411,348	<b>1,720,336</b>	1,766,223
Fair Value of Plan Assets at the end of the year	<b>4,351,173</b>	4,296,677	—	—
Assets / (Liabilities) recognized in the Balance Sheet	<b>(170,028)</b>	(114,671)	<b>(1,720,336)</b>	(1,766,223)

Expenses recognized in the Statement of Profit and Loss

Current Service Cost	<b>229,823</b>	223,787	<b>177,417</b>	175,781
Interest Cost	<b>352,908</b>	326,283	<b>123,308</b>	113,665
Expected return on Plan Assets	<b>(347,183)</b>	(359,112)	—	—
Actuarial (Gain) / Losses	<b>(180,191)</b>	<b>(121,833)</b>	<b>103,126</b>	184,608
Total Expense recognized	<b>55,357</b>	69,125	<b>403,851</b>	474,054

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -27 (Contd.)**
**Description**

	<b>Gratuity (Funded)</b>		<b>Leave Encashment (Unfunded)</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>

**Category of Plan Assets**

Fund with LIC	<b>4,351,173</b>	4,296,677	—	—
Actual return on Plan Assets	<b>347,183</b>	359,112	—	—
Principal Acturial Assumptions				
Discount Rate	<b>8.00 %</b>	8.00 %	<b>8.00 %</b>	8.50 %
Salary Escalation	<b>6.00 %</b>	5.25 %	<b>6.00 %</b>	6.00 %
Inflation Rate	—	—	<b>6.00 %</b>	6.00 %
Expected return on Assets	<b>8.08 %</b>	8.90 %	—	—

27.05 Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures

**A) List of Related Parties**
**Enterprises in which the Company is having substantial interest – Associate :-**

Gillanders Arbuthnot & Company Limited

**Enterprises over which Directors, Key Management Personnel and their relatives are able to exercise significant influence :-**

Albert David Limited

Bharat Fritz Werner Limited

**Names of the Key Management Personnel of the Company :-**

Mr. A. K. Toshniwal - Managing Director

Mr. M. L. Daga - Company Secretary

Mr. Dinesh Kumar Somani - Chief Financial Officer (From 12/08/2014 to 10/12/2014)

Mr. Keshav Binani - Chief Financial Officer (From 01/06/2015 to 31/10/2015)

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -27 (Contd.)**
**B. TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR :-**

Nature of Transactions	Enterprises in which the Company is having substantial interest - Associate		Enterprises over which directors, key management personnel and their relatives are able to exercise significant influence		Key Management Personnel of the Company	
	2015 – 2016 ₹	2014 – 2015 ₹	2015 – 2016 ₹	2014 – 2015 ₹	2015 – 2016 ₹	2014 – 2015 ₹
Rent & Electricity Paid	103,163	102,148	–	–	–	–
Loans Given (Unsecured)	–	–	40,000,000	–	–	–
Loans Recovered	–	–	40,000,000	–	–	–
Interest on Loans Given	–	–	4,734,247	–	–	–
Dividend Received	–	4,125,809	826,732	471,077	–	–
Sale of Investments	–	–	3,484,378	–	–	–
Acquisition of Investment - In Equity Shares	–	–	57,488	–	–	–
In Equity Shares DVR	–	–	–	–	–	–
Remuneration Paid :						
Mr. A. K. Toshniwal - Managing Director	–	–	–	–	2,066,858	1,416,425
Mr. M. L. Daga - Company Secretary	–	–	–	–	1,446,500	1,325,100
Mr. Dinesh Kumar Somani - Chief Financial Officer (From 12/08/2014 to 10/12/2014)	–	–	–	–	–	235,583
Mr. Keshav Binani - Chief Financial Officer (From 01/06/2015 to 31/10/2015)	–	–	–	–	193,124	–

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -27 (Contd.)**

27.06 Information in accordance with the requirements of Accounting Standard 17 on Segment Reporting.

The Company has two primary business segments viz:

Bulk Drugs  
Chemicals

Bulk Drugs

Comprises manufacture, Job Work and sale of Bulk Drugs and related products.

Chemicals

Comprises manufacture and sale of Formaldehyde, Hexamine and Phenolic Resin etc.

Others represent all unallocable items not included in the segments

There are no intersegment transactions during the year.

Information about Business Segments

	2015-2016 ₹	2014-2015 ₹
<b>Revenue External (Net Sales and other incomes)</b>		
Bulk Drugs	87,576,902	166,391,596
Chemicals	93,303,128	122,782,676
Others	16,487,665	15,718,552
<b>Total</b>	<b>197,367,695</b>	<b>304,892,824</b>
<b>Profit / (Loss) before Tax</b>		
Bulk Drugs	28,730,476	52,751,410
Chemicals	7,911,802	(3,739,929)
Others	9,012,103	8,201,385
<b>Total</b>	<b>45,654,381</b>	<b>57,212,866</b>
<b>Depreciation and Amortisation</b>		
Bulk Drugs	7,336,500	10,970,417
Chemicals	954,699	5,747,342
Others	339,419	37,803
<b>Total</b>	<b>8,630,618</b>	<b>16,755,562</b>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -27 (Contd.)**

	2015 -2016 ₹	2014-2015 ₹
<b>Capital Expenditure</b>		
Bulk Drugs	7,744,178	29,729,311
Chemicals	194,446	861,606
Others	1,078,264	36,990
<b>Total</b>	<b>9,016,888</b>	<b>30,627,907</b>

<b>Assets</b>		
Bulk Drugs	197,389,641	238,623,540
Chemicals	56,024,577	64,500,593
Others	205,120,716	123,924,875
<b>Total</b>	<b>458,534,934</b>	<b>427,049,008</b>

<b>Liabilities *</b>		
Bulk Drugs	31,899,192	26,577,304
Chemicals	12,964,796	11,570,059
Others	16,667,764	16,719,118
<b>Total</b>	<b>61,531,752</b>	<b>54,866,481</b>

\* Excluding Shareholders' Funds

**Information about Secondary Segments**
**Segment Revenue (External) by Geographical Location of Customers**

Within India	71,399,856	115,512,881
Outside India	109,480,174	173,661,391
<b>Total</b>	<b>180,880,030</b>	<b>289,174,272</b>

**Segment Assets by Geographical Locations**

Within India	253,078,893	303,124,133
Outside India	335,325	—
<b>Total</b>	<b>253,414,218</b>	<b>303,124,133</b>

**Segment Capital Expenditure**

Within India	7,938,624	29,069,867
Outside India	—	1,521,050
<b>Total</b>	<b>7,938,624</b>	<b>30,590,917</b>

**NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -27 (Contd.)**

		2015 – 2016		2014 – 2015	
		₹		₹	
27.07	Expenditure in foreign currency:				
	Bank Commission	135,625		50,048	
	Travelling Expenses	453,309		1,468,413	
		<u>588,934</u>		<u>1,518,461</u>	
27.08	Value of imported and indigenous raw materials and spare parts and components consumed :				
		Raw Materials		Spare Parts and Components	
		2015 – 2016		2014 – 2015	
		₹ %		₹ %	
		₹ %		₹ %	
	Imported	4,381,514	3.73	445,668	0.30
	Indigenous	113,099,169	96.27	147,925,540	99.70
		117,480,683	100.00	148,371,208	100.00
		2015-2016		2014-2015	
		₹		₹	
27.09	C. I. F. Value of Imports :				
	Capital Goods	–		1,521,050	
	Raw Materials	3,469,500		981,939	
27.10	Earnings in foreign exchange:				
	Export of goods (calculated on F. O. B. basis)	105,046,275		169,597,978	
27.11	Total consumption of Stores and Spares Parts (including other heads of accounts)	3,649,697		3,880,526	
27.12	The previous year's figures have been regrouped / reclassified, wherever necessary to conform to the current year's presentation.				

Signature to Note '1' to '27'

Kolkata, 30th May, 2016	A.K.Basak Partner Membership Number-10240 For and on behalf of Dutta, Ghosh & Associates Chartered Accountants Firm Registration No. 309088E	On behalf of the Board	
	M. L. Daga	A. K. Kothari	A. K. Toshniwal
	Company Secretary	Chairman	Mg. Director

## **INDEPENDENT AUDITORS' REPORT**

Independent Auditors' Report on the Consolidated Financial Statements to the Members of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED**.

### **Report on the Consolidated Financial Statements.**

1. We have audited the accompanying consolidated financial statements of **KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED** ("the Company"), and its associate company, (Refer Notes 1.1 and 1.2 to the attached consolidated financial statements) which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

2. 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 consolidated financial statements to give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountant of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view, in



**INDEPENDENT AUDITORS' REPORT– (Contd.)**

order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs as at 31<sup>st</sup> March, 2016, and their consolidated profit and consolidated cash flows for the year ended on that date.

**Other Matter**

8. We have not audited the financial statements of the associate company included in the financial statements which constitute net loss of ₹ 58,441,198/- (Rupees Five crore eighty four lac fourty one thousand one hundred ninty eight only) for the year ended 31<sup>st</sup> March, 2016. This financial statement and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of the associate company's auditors. Our opinion is not qualified in respect of this matter.

Kolkata, 30th May, 2016

A. K. Basak  
Partner  
Membership Number-10240  
For and on behalf of  
**Dutta, Ghosh & Associates**  
Chartered Accountants  
Firm Registration No. 309088E

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

	Note	As at 31st March, 2016		As at 31st March, 2015	
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Fund</b>					
(a) Share Capital	2	38,831,750		38,831,750	
(b) Reserves and Surplus	3	790,046,499		823,667,042	
			828,878,249		862,498,792
<b>(2) Non-Current Liabilities</b>					
(a) Deferred Tax Liabilities (Net)	4	2,148,104		2,198,624	
(b) Long Term Provisions	5	1,890,364		1,880,894	
			4,038,468		4,079,518
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	24,674,163		22,776,081	
(b) Trade Payables	7	15,797,195		11,302,908	
(c) Other Current Liabilities	8	5,337,680		5,023,728	
(d) Short Term Provisions	9	11,684,246		11,684,246	
			57,493,284		50,786,963
<b>TOTAL</b>			<b>890,410,001</b>		<b>917,365,273</b>
<b>II. ASSETS</b>					
<b>(1) Non - Current Assets</b>					
(a) Fixed Assets	10				
(i) Tangible Assets		62,874,129		67,559,688	
(ii) Capital Work-in-progress		37,821,263		32,749,434	
(b) Non - Current Investments	11	547,305,936		605,775,030	
(c) Long Term Loans and Advances	12	4,937,047		4,590,931	
			652,938,375		710,675,083
<b>(2) Current Assets</b>					
(a) Inventories	13	101,145,492		63,190,496	
(b) Trade Receivables	14	12,467,951		12,668,891	
(c) Cash and Cash Equivalents	15	64,794,427		107,423,903	
(d) Short Term Loans and Advances	16	58,529,247		20,891,231	
(e) Other Current Assets	17	534,509		2,515,669	
			237,471,626		206,690,190
<b>TOTAL</b>			<b>890,410,001</b>		<b>917,365,273</b>

Significant Accounting Policies 1

This is the Consolidated Balance Sheet referred to in our report of even date.

The Notes referred to above form an integral part of the consolidated financial statements

 A.K.Basak  
 Partner

On behalf of the Board

 Membership Number-10240  
 For and on behalf of

 Dutta, Ghosh & Associates  
 Chartered Accountants  
 Firm Registration No. 309088E

 Kolkata,  
 30th May, 2016

 M. L. Daga  
 Company Secretary

 A. K. Kothari  
 Chairman

 A. K. Toshniwal  
 Mg. Director

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2016**

<b>INCOME :</b>	Note	<b>2015 – 2016</b>	<b>2014 – 2015</b>
		<b>₹</b>	<b>₹</b>
Revenue from Operations	18	<b>180,880,030</b>	289,174,272
Other Income	19	<b>16,487,665</b>	15,718,552
<b>Total Revenue</b>		<b>197,367,695</b>	304,892,824
<b>EXPENDITURE :</b>			
Cost of Materials Consumed		<b>117,480,683</b>	148,371,208
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20	<b>(47,495,493)</b>	4,986,371
Employee Benefits Expense	21	<b>27,914,433</b>	26,105,889
Finance Costs	22	<b>2,068,477</b>	1,027,187
Depreciation and Amortisation Expense	23	<b>8,630,618</b>	16,755,562
Other Expenses	24	<b>43,114,596</b>	50,433,741
<b>Total Expenses</b>		<b>151,713,314</b>	247,679,958
<b>PROFIT BEFORE TAXATION</b>		<b>45,654,381</b>	57,212,866
Provision For Tax :			
Current Tax		<b>(9,200,000)</b>	(11,000,000)
Deferred Tax (Net)		<b>50,520</b>	265,279
<b>PROFIT AFTERTAX BEFORE SHARE OF PROFIT/ ASSOCIATE</b>		<b>36,504,901</b>	<b>(LOSS) OF</b> 46,478,145
Add :Share in Profit / (Loss) of Associate		<b>(58,441,198)</b>	(14,230,044)
<b>PROFIT FOR THE YEAR</b>		<b>(21,936,297)</b>	32,248,101
<b>Earning per Ordinary Share of Rs. 10/- each</b>			
Basic and Diluted (₹)	25	<b>(5.65)</b>	8.30
Significant Accounting Policies	1		

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

The Notes referred to above form an integral part of the consolidated financial statements

A.K.Basak  
 Partner  
 Membership Number-10240  
 For and on behalf of  
 Dutta, Ghosh & Associates  
 Chartered Accountants  
 Firm Registration No. 309088E  
 Kolkata,  
 30th May, 2016

On behalf of the Board

M. L. Daga      A. K. Kothari      A. K. Toshniwal  
 Company Secretary      Chairman      Mg. Director

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

	2015 – 2016		2014 – 2015	
	₹	₹	₹	₹
<b>A. Cash Flow from Operating Activities :</b>				
Profit before Tax and Extraordinary/ Non-recurring items		<b>45,654,381</b>		57,212,866
Adjustments for :				
Depreciation and Amortisation	<b>8,630,618</b>		16,755,562	
Loss on Sale/Discard of Fixed Assets (Net)	–		2,513,066	
Income from Investments (Dividend)	<b>(992,132)</b>		(4,750,096)	
Profit on Sale of Investments	<b>(3,945,481)</b>		(2,618,683)	
Irrecoverable Bad & Sundry Receivables written off	<b>728,223</b>		1,976,848	
Provision for Doubtful Receivables	–		687,625	
Interest (Net)	<b>(8,396,323)</b>		(4,110,305)	
Liabilities and provisions no longer required written back	<b>(951,951)</b>	<b>(4,927,046)</b>	(410,112)	10,043,905
Operating Profit before Working Capital Changes		<b>40,727,335</b>		67,256,771
Adjustments for :				
Trade and Other Receivables	<b>2,928,765</b>		29,592,605	
Inventories	<b>(37,954,996)</b>		26,082,535	
Trade Payables	<b>5,739,716</b>	<b>(29,286,515)</b>	(25,135,320)	30,539,820
Cash Generated from Operations		<b>11,440,820</b>		97,796,591
Direct Taxes - (Payments)/Refunds	<b>(14,034,394)</b>	<b>(14,034,394)</b>	(14,812,452)	(14,812,452)
<b>Net Cash (used in)/ From Operating Activities</b>		<b>(2,593,574)</b>		<b>82,984,139</b>
<b>B. Cash Flow From Investing Activities :</b>				
Purchase of Fixed Assets	<b>(9,016,888)</b>		(30,627,907)	
Proceeds from Sale of Fixed Assets	–		25,952	
Dividend Received	<b>992,132</b>		4,750,096	
Purchase of Investments	<b>(18,674,323)</b>		(19,551,756)	
(Increase) / Decrease in Loans Given	<b>(35,000,000)</b>		–	
Proceeds from Sale of Investments	<b>22,647,700</b>		21,971,666	
Interest Received	<b>10,840,174</b>		5,519,971	
<b>Net Cash (Used in) / From Investing Activities</b>		<b>(28,211,205)</b>		<b>(17,911,978)</b>

**CONSOLIDATED CASH FLOW STATEMENT (Contd.)**

	2015 – 2016		2014 – 2015	
	₹	₹	₹	₹
<b>C. Cash Flow from Financing Activities</b>				
Net Increase/(Decrease) in Short Term Borrowings from Banks	1,898,082		(5,741,658)	
Interest Paid	(2,068,477)		(1,027,187)	
Dividends Paid	(9,677,994)		(7,753,840)	
Dividend Tax Paid	(1,976,308)		(1,319,891)	
<b>Net Cash (Used in) / From Financing Activities</b>		(11,824,697)		(15,842,576)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b>		<u>(42,629,476)</u>		<u>49,229,585</u>
<b>Opening Cash and Cash Equivalents</b>	107,423,903		58,194,318	
<b>Closing Cash and Cash Equivalents</b>	<u>64,794,427</u>	(42,629,476)	<u>107,423,903</u>	49,229,585
<b>Cash and Cash Equivalents Comprise :</b>				
Cash in Hand and Balances with Banks (As per Note - 15)		<u>64,794,427</u>		<u>107,423,903</u>

**NOTES :**

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.
- Previous year's figures have been regrouped / re-arranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

Kolkata, 30th May, 2016	A.K.Basak Partner Membership Number-10240 For and on behalf of Dutta, Ghosh & Associates Chartered Accountants Firm Registration No. 309088E	On behalf of the Board  M. L. Daga      A. K. Kothari      A. K. Toshniwal Company Secretary      Chairman      Mg. Director
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**1. SIGNIFICANT ACCOUNTING POLICIES :**
**1.1 General Information:**

The Consolidated Financial Statements present the consolidated Accounts of Kothari Phytochemicals & Industries Limited and its associate.

<u>Name of Associate</u>	<u>Percentage of holding by the Company</u>
Gillanders Arbuthnot and Company Limited, India	25.78 %
Share of Loss in Associates for the year ended 31 <sup>st</sup> March, 2016	₹ 58,441,198/-

**1.2** Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognising this purpose, the Company has disclosed only such policies and Notes from the individual financial statements, which fairly present the needed disclosures.

**1.3 Basis of accounting:**

These financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India (Indian GAAP), the applicable accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent notified. The financial statements have been prepared under the historical cost convention on an accrual basis.

**1.4 Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation and cumulative impairment losses, if any. Cost includes cost of acquisition inclusive of duties, taxes, incidental expenses, erection / commissioning expenses and borrowing cost attributable to qualifying assets up to the date, the asset is put to use. The cost of extension planting on cultivable land including cost of development is capitalized.

**1.5 Depreciation & Amortization:**

- (a) Depreciation is provided on the 'Written Down Value Method' at rates determined based on useful lives of the respective assets and the residual values in accordance with Schedule II of the Companies Act, 2013 or re assessed by the Company based on technical evaluation except in case of Phytochemicals Division and Hexamine plant of Southern Synthetics Division and Claro India Division where Straight Line Method is followed determined based on useful lives of the respective assets.
- (b) Leasehold land is being amortised over the period of lease.

**1.6 Impairment of Assets :**

The carrying amounts of Fixed Assets are reviewed at each balance sheet date to determine, if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of the fixed assets of a cash generating unit exceeds its recoverable amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

**1.7 Investments :**

Long term investments are stated at cost with an appropriate provision for diminution in value, other than temporary in nature, in the valuation of long term investments. Current Investments are stated at lower of cost and fair value. Gains / losses on disposal of investments are recognised as income / expenditure.

**1.8 Foreign Currency Transactions :**

Transaction in foreign currencies is recognized at rates existing at transaction date. Year – end balances of receivables / payables are translated at applicable year – end rates and resultant translation gain / loss is recognized in the Statement of Profit and Loss. Exchange differences, if any, relating to Fixed Assets acquired outside India are recognized in the Statement of Profit and Loss.

**1.9 Inventories :**

Inventories are valued as under:-

Raw materials	-	At cost on weighted average method / FIFO.
Stores and spare parts	-	At cost on weighted average method / FIFO.
Materials in process	-	At estimated cost.
Finished goods	-	At cost on weighted average method or net realizable value, whichever is lower.

**1.10 Employee Benefits:**
**(a) Defined Contribution Plans**

Contributions to defined contribution schemes such as Provident Fund, etc. are charged to Statement of Profit & Loss as and when they are paid to government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.

**(b) Defined Benefit Plans**

The Company has a defined benefit Gratuity Plan covering all its employees. Gratuity is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognized in the Statement of Profit and

Loss. The liability as at the Balance Sheet date is provided for, based on the actuarial valuation carried out in accordance with revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' as at the end of the year.

**(c) Other long term employee benefits**

Other long term employee benefit comprises of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

**1.11 Research and Development :**

Revenue expenditure on Research and Development is expensed in the year in which it is incurred and related Capital Expenditure is considered as addition to fixed assets.

**1.12 Borrowing Costs:**

Borrowing Costs that are attributable to the acquisition of construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**1.13 Taxes on Income :**

Income Tax expenses comprise current tax and deferred tax charge. Deferred tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

**1.14 Segment reporting :**

**(a) Identification of segments**

The Company's operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

**(b) Allocation of common costs**

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".



**(c) Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to business segment.

**(d) Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**1.15 Earnings Per Share :**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**1.16 Provisions:**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is possible that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

**1.17 Contingent liabilities :**

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

**1.18 Recognition of Income and Expenditure :**

Items of income and expenditure are recognized on accrual and prudent basis.

**1.19 Leases :**

For assets acquired under Operating Lease, rentals payable are charged to Statement of Profit and Loss. Assets acquired under Finance Lease are capitalized at lower of the Fair Value and Present Value of Minimum Lease Payments. Lease income from operating leases is recognised in the Statement of Profit and Loss over the period of Lease.

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

<b>NOTE - 2</b>	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
	<b>₹</b>	<b>₹</b>
<b>SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
300,000 Preference Shares of ₹ 100/- each.	<b>30,000,000</b>	30,000,000
17,000,000 Ordinary Shares of ₹ 10/- each.	<b>170,000,000</b>	170,000,000
	<b><u>200,000,000</u></b>	<b><u>200,000,000</u></b>
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>		
3,883,175 (2015 - 3,883,175) Ordinary Shares of ₹ 10/- each fully paid-up.	<b>38,831,750</b>	38,831,750
	<b><u>38,831,750</u></b>	<b><u>38,831,750</u></b>

2.1 The Company has issued Ordinary shares having a par value of ₹ 10/- per share. Each holder of Ordinary shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31st March 2016, the amount of dividend per share recognised as distributions to Ordinary shareholders was ₹ 2.50 (2015 ₹ 2.50).

In the event of liquidation of the Company, the holders of Ordinary shares will be entitled to receive remaining assets of the Company, after payment of Secured, Unsecured Liabilities and Other Creditors. The distribution will be in proportion to the number of Ordinary shares held by the shareholders.

2.2 The details of shareholders holding more than 5% shares.

<b>Name</b>	<b>As at 31st March 2016</b>		<b>As at 31st March 2015</b>	
	<b>% held</b>	<b>No. of Shares</b>	<b>% held</b>	<b>No. of Shares</b>
Commercial House Private Limited	<b>19.45%</b>	<b>755,414</b>	19.45%	755,414
Kothari & Company Private Limited	<b>15.32%</b>	<b>594,960</b>	15.32%	594,960
M. D. Kothari & Company Limited	<b>14.85%</b>	<b>576,525</b>	14.85%	576,525
Kothari Investment & Industries Private Limited	<b>14.18%</b>	<b>550,720</b>	14.18%	550,720
Vishnuhari Investments & Properties Limited	<b>6.22%</b>	<b>241,568</b>	6.22%	241,568

2.3 The reconciliation of the number of shares outstanding is set out below.

	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Ordinary Shares at the beginning of the year	<b><u>3,883,175</u></b>	<u>3,883,175</u>
Ordinary Shares at the end of the year	<b><u>3,883,175</u></b>	<u>3,883,175</u>

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

<b>NOTE - 3</b>	<b>As at 31st March, 2016</b>		<b>As at 31st March, 2015</b>	
	₹	₹	₹	₹
<b>RESERVES AND SURPLUS</b>				
Capital Reserve				
As per last Balance Sheet		<b>9,193,040</b>		9,193,040
Securities Premium Account				
As per Last Balance Sheet		<b>1,450,657</b>		1,450,657
General Reserve				
As per last Balance Sheet	<b>313,735,809</b>		278,735,809	
Add : Transferred from statement of Profit and Loss	<u><b>25,000,000</b></u>		<u>35,000,000</u>	
		<b>338,735,809</b>		313,735,809
Retained Earnings in Associates		<b>490,316,265</b>		504,546,309
Surplus in the Statement of Profit and Loss				
As per last Balance Sheet	<b>8,971,271</b>		9,177,372	
Add : Profit for the year	<u><b>36,504,901</b></u>		<u>46,478,145</u>	
	<b>45,476,172</b>		<b>55,655,517</b>	
Less : Appropriations :				
Transferred to General Reserve	<b>25,000,000</b>		35,000,000	
Proposed Dividend on Equity Shares	<b>9,707,938</b>		9,707,938	
[Dividend per Share ₹ 2.50 (2015 ₹ 2.50)]				
Tax on Proposed Dividend	<u><b>1,976,308</b></u>		<u>1,976,308</u>	
		<b>8,791,926</b>		8,971,271
Share of Profit /(Loss) of Associate		<u><b>(58,441,198)</b></u>		<u>(14,230,044)</u>
		<u><b>790,046,499</b></u>		<u><b>823,667,042</b></u>

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

NOTE - 4	₹	As at 31st March, 2016 ₹	₹	As at 31st March, 2015 ₹
<b>DEFERRED TAX LIABILITIES (NET)</b>				
<b>Liabilities</b>				
– Difference between net book value of depreciable fixed assets as per books vis - a - vis written down value as per Income Tax Act.		<b>4,524,688</b>		4,729,702
<b>Less : Assets</b>				
– Accrued expenses deductible on payment basis / Employee Benefits	<b>845,773</b>		815,894	
– Provision for Diminution in the Value of Investments	<b>1,487,835</b>		1,487,835	
– Provision for Doubtful Receivables	<b>42,976</b>		227,349	
		<b>2,376,584</b>		2,531,078
		<b>2,148,104</b>		2,198,624

**NOTE - 5**
**LONG TERM PROVISIONS**

Provision for Employee Benefits

– Gratuity	<b>170,028</b>	114,671
– Leave Encashment Benefit	<b>1,720,336</b>	1,766,223
	<b>1,890,364</b>	1,880,894

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

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>NOTE - 6</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Working Capital Loans		
– From Vijaya Bank		
Exclusive First Charge on Entire Stocks of Raw Materials, Semi Finished and Finished Goods and further secured by deposit of Title Deeds of 23.24 acres land situated at Nagari and the entire Fixed Assets of the Phytochemicals Division. Stock against Packing Credit Limit Facility shall be backed by firm Export Orders.	<b>24,653,686</b>	22,755,604
<b>Unsecured</b>		
State Government of Tamil Nadu -		
Sales Tax Deferral Scheme	<u>20,477</u>	<u>20,477</u>
	<b><u>24,674,163</u></b>	<b><u>22,776,081</u></b>

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

<b>NOTE - 7</b>	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
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**TRADE PAYABLES**

For Goods	<b>15,797,195</b>	11,302,908
	<b><u>15,797,195</u></b>	<u>11,302,908</u>

**NOTE - 8**
**OTHER CURRENT LIABILITIES**

Unpaid Dividend (To be credited to Investor Education & Protection Fund as and when become due)	<b>171,772</b>	141,811
Unpaid Fractional amount of shares	<b>234,811</b>	234,828
Other Payables*	<b>4,931,097</b>	4,647,089
	<b><u>5,337,680</u></b>	<u>5,023,728</u>

\*Includes Statutory Liabilities ₹ 637,863/- (2015 ₹ 702,122/-), Salary, Wages and Bonus ₹ 1,426,493/- (2015 ₹ 976,909/-) and Commission Payable ₹ 537,303/- (2015 ₹ 537,303/-)

**NOTE - 9**
**SHORT TERM PROVISIONS**

Proposed Dividend	<b>9,707,938</b>	9,707,938
Tax on Proposed Dividend	<b>1,976,308</b>	1,976,308
	<b><u>11,684,246</u></b>	<u>11,684,246</u>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE - 10**
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Balance as at 31st March, 2015	Additions	Deduction/ Adjustment	Balance as at 31st March, 2016	Balance as at 31st March, 2015	Depreciation/ Amortisation for the year (refer Note below)	Deduction/ Adjustment	Balance as at 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015
<b>Tangible Assets</b>										
Leasehold Land	1,262,400	-	-	1,262,400	293,298	12,752	-	306,050	956,350	969,102
Freehold Land	2,074,532	-	-	2,074,532	-	-	-	-	2,074,532	2,074,532
Buildings	37,915,717	-	-	37,915,717	17,627,762	883,671	-	18,511,433	19,404,284	20,287,955
Plant and Equipment	141,120,178	1,764,244	-	142,884,422	98,779,248	7,011,027	-	105,790,275	37,094,147	42,340,930
Electric Installation	6,419,262	-	-	6,419,262	5,817,404	48,706	-	5,866,110	553,152	601,858
Computers	1,171,697	-	-	1,171,697	1,045,975	41,801	-	1,087,776	83,921	125,722
Office Equipment	1,645,294	37,250	-	1,682,544	1,210,663	131,780	-	1,342,443	340,101	434,631
Furniture and Fixtures	588,006	-	-	588,006	465,505	12,189	-	477,694	110,312	122,501
Motor Vehicles	1,536,548	2,143,565	-	3,680,113	934,091	488,692	-	1,422,783	2,257,330	602,457
<b>Total :</b>	<b>193,733,634</b>	<b>3,945,059</b>	<b>-</b>	<b>197,678,693</b>	<b>126,173,946</b>	<b>8,630,618</b>	<b>-</b>	<b>134,804,564</b>	<b>62,874,129</b>	<b>67,559,688</b>
Capital Work in Progress	32,749,434	6,388,629	1,316,800	37,821,263	-	-	-	-	37,821,263	32,749,434
<b>2015</b>	<b>200,977,845</b>	<b>3,066,771</b>	<b>10,310,982</b>	<b>193,733,634</b>	<b>117,190,348</b>	<b>16,755,562</b>	<b>7,771,964</b>	<b>126,173,946</b>	<b>67,559,688</b>	

Note : Includes ₹ Nil (2015 ₹ 6,457,682/-) on account of adjustmet due to transitional provision of schedule II of the Companies Act 2013.



	As at 31st March, 2016	As at 31st March, 2015
	₹	₹
<b>NOTE -11</b>		
<b>NON - CURRENT INVESTMENTS</b>		
<b>Other than Trade Investments</b>		
i) Equity Shares		
(A) Quoted :-		
(a) Associates : Gillanders Arbuthnot & Company Limited	51,748,615	51,748,615
Add : Share of Accumulated Reserves / Profits	490,316,265	504,546,309
Add : Share of Current Profits / (Loss)	<u>(58,441,198)</u>	<u>(14,230,044)</u>
	483,623,682	542,064,880
(b) Other than Associates	<u>16,559,445</u>	<u>18,463,768</u>
	500,183,127	560,528,648
(B) Unquoted :-	35,029,436	35,029,436
Less : Provision for diminution in the value of Investments	<u>4,500,000</u>	<u>4,500,000</u>
	30,529,436	30,529,436
ii) Mutual Funds	<u>16,593,373</u>	<u>14,716,946</u>
	547,305,936	605,775,030



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

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>NOTE -12</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered good)		
Security Deposits	2,625,420	2,599,304
Capital Advances	2,296,627	1,976,627
Other Loans and Advances	67,521	67,521
	<u>4,989,568</u>	<u>4,643,452</u>
Less: Provision for Doubtful Advances	52,521	52,521
	<u>4,937,047</u>	<u>4,590,931</u>
 <b>NOTE -13</b>		
<b>INVENTORIES</b>		
Raw Materials	16,372,339	25,342,162
Materials - in - Process	77,615,595	31,259,255
Finished Goods	2,272,979	1,133,826
Stores and Spare Parts	4,884,579	5,455,253
	<u>101,145,492</u>	<u>63,190,496</u>
 <b>NOTE -14</b>		
<b>TRADE RECEIVABLES</b>		
(Unsecured, Considered good)		
Debts over six months		
Considered Good	9,794	688,812
Considered Doubtful	129,982	687,625
	<u>139,776</u>	<u>1,376,437</u>
Less : Provision for Doubtful Trade Receivable	129,982	687,625
	<u>9,794</u>	<u>688,812</u>
Other Debts	12,458,157	11,980,079
	<u>12,467,951</u>	<u>12,668,891</u>

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

	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
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**NOTE -15**
**CASH AND CASH EQUIVALENTS**

Balances with Banks #	<b>50,360,936</b>	7,023,955
Cash in Hand	<b>18,247</b>	132,198
Fixed deposits with banks	<b>14,415,244</b>	100,267,750
	<b><u>64,794,427</u></b>	<u>107,423,903</u>

# Balance with Banks includes Unpaid Dividend of ₹ 171,772/- (2015 ₹ 141,811/-) and Unpaid Fractional amount of shares ₹ 234,811/- (2015 ₹ 234,828/-)

**NOTE -16**
**SHORTTERM LOANS AND ADVANCES**

Loan to Body Corporate	<b>35,000,000</b>	—
Advances to Suppliers	<b>314,254</b>	3,146,120
Balance with Customs, Central Excise Authorities	<b>10,118,030</b>	8,380,399
Other Loans and Advances	<b>1,204,445</b>	2,306,588
Advance payment of Tax (Net of Provision) (Inclusive of Tax Deducted at Source)	<b>11,892,518</b>	7,058,124
	<b><u>58,529,247</u></b>	<u>20,891,231</u>

**NOTE -17**
**OTHER CURRENT ASSETS**

Interest accrued on Loans and Deposits	<b>89,958</b>	465,332
Export Incentive Receivable	<b>444,551</b>	2,050,337
	<b><u>534,509</u></b>	<u>2,515,669</u>

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

NOTE - 18	2015 - 2016		2014 - 2015	
	₹	₹	₹	₹
<b>REVENUE FROM OPERATIONS</b>				
<b>SALE OF PRODUCTS</b>		<b>187,310,711</b>		<b>300,028,511</b>
<b>OTHER OPERATING REVENUE</b>				
Export Incentives	<b>1,460,527</b>		2,116,535	
Claims	<b>5,696</b>		110,400	
Sale of Scrap	<b>73,986</b>		444,288	
Miscellaneous Receipts	<b>37,300</b>		—	
		<b><u>1,577,509</u></b>		<b><u>2,671,223</u></b>
		<b>188,888,220</b>		<b>302,699,734</b>
<b>LESS : EXCISE DUTY</b>		<b><u>8,008,190</u></b>		<b><u>13,525,462</u></b>
		<b><u>180,880,030</u></b>		<b><u>289,174,272</u></b>

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

NOTE - 19	2015 - 2016		2014 - 2015	
	₹	₹	₹	₹
<b>OTHER INCOME</b>				
<b>Interest</b>				
Interest on Advances, Deposits and Others - Gross		<b>10,464,800</b>		5,137,492
<b>Dividend</b>				
From Long Term Investments - Other than Trade		<b>992,132</b>		4,750,096
<b>Net gain on Sale of Investments</b>				
Profit on Sale of Investments - Other than Trade		<b>3,945,481</b>		2,618,683
<b>Other Non - Operating Income</b>				
Exchange Rate Fluctuation (Net)	<b>71,459</b>		23,176	
Liabilities / Provision no longer required, written back	<b>394,308</b>		410,112	
Recovery of Bad Receivables Written off in earlier years	—		1,750,000	
Provision for Doubtful Receivables Written Back	<b>557,643</b>		—	
Miscellaneous Income	<b>61,842</b>		1,028,993	
		<b>1,085,252</b>		3,212,281
		<b>16,487,665</b>		15,718,552

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

**NOTE - 20**

	₹	2015 - 2016	₹	2014 - 2015
		₹		₹

**CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK - IN - PROGRESS AND STOCK - IN - TRADE**
**Finished Goods**

Opening Inventories	1,133,826	8,519,913
Closing Inventories	<u>2,272,979</u>	<u>1,133,826</u>
Net (Increase) / Decrease	(1,139,153)	7,386,087

**Materials - in - Process**

Opening Inventories	31,259,255	28,859,539
Closing Inventories	<u>77,615,595</u>	<u>31,259,255</u>
Net (Increase) / Decrease	(46,356,340)	(2,399,716)
	<u>(47,495,493)</u>	<u>4,986,371</u>

**NOTE -21**
**EMPLOYEE BENEFITS EXPENSE**

Salaries, Wages and Bonus	24,695,144	23,202,354
Contribution to Provident and Other Funds	1,705,562	1,548,405
Workmen and Staff Welfare Expenses	<u>1,513,727</u>	<u>1,355,130</u>
	<u>27,914,433</u>	<u>26,105,889</u>

**NOTE -22**
**FINANCE COSTS**

Interest Expenses	<u>2,068,477</u>	<u>1,027,187</u>
	<u>2,068,477</u>	<u>1,027,187</u>

**NOTE -23**
**DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation (Refer Note 10)	8,617,866	16,742,810
Amortisation	<u>12,752</u>	<u>12,752</u>
	<u>8,630,618</u>	<u>16,755,562</u>

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

<b>NOTE -24</b>		<b>2015 – 2016</b>		<b>2014 – 2015</b>
	₹	₹	₹	₹
<b>OTHER EXPENSES</b>				
<b>Manufacturing Expenses</b>				
Consumption of stores and spare parts	<b>2,092,420</b>		2,139,905	
Power and Fuel	<b>15,416,018</b>		14,357,361	
Repairs to Buildings	<b>148,749</b>		359,419	
Repairs to Machinery	<b>2,805,229</b>		3,342,815	
Repairs to Other Assets	<b>551,577</b>		883,795	
		<b>21,013,993</b>		21,083,295
<b>Selling and Distribution Expenses</b>				
Freight, Shipping, Delivering and Selling Expenses	<b>5,533,344</b>		6,581,751	
Selling Agents' Commission (Other than Sole Selling Agents)	<b>132,057</b>		—	
Sales Promotion Expenses	<b>35,011</b>		85,609	
		<b>5,700,412</b>		6,667,360
<b>Establishment Expenses</b>				
Rent	<b>579,137</b>		617,749	
Rates and Taxes	<b>795,586</b>		938,777	
Bank Charges	<b>327,801</b>		190,422	
Travelling and Conveyance Expenses	<b>3,449,623</b>		4,447,912	
Postage and Telephone	<b>651,982</b>		727,337	
Printing and Stationery	<b>307,810</b>		370,277	
Subscription	<b>124,258</b>		137,344	
Insurance	<b>1,029,311</b>		1,055,788	
Motor Vehicle Expense	<b>543,455</b>		368,003	
Directors' Sitting Fees	<b>134,000</b>		112,000	
Directors' Commission	<b>300,000</b>		300,000	
Managing Directors Remuneration	<b>2,066,858</b>		1,416,425	

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

<b>NOTE -24 (Contd.)</b>		<b>2015 – 2016</b>	<b>2014 – 2015</b>
	₹	₹	₹
Research and Development Expenses	<b>1,392,984</b>	1,701,497	
Legal and Professional Fee	<b>1,131,468</b>	1,412,985	
Internal Audit Fees	<b>68,700</b>	67,416	
Cost Audit Fees	–	40,000	
Loss on Sale of Fixed Assets	–	7,519	
Obsolete and Discarded Assets Written Off	–	2,505,547	
Bad and Sundry Receivables Written Off	<b>728,223</b>	1,976,848	
Provision for Bad and Doubtful Receivables	–	687,625	
Donation	<b>500,000</b>	700,000	
Miscellaneous Expenses	<b>1,806,926</b>	2,461,862	
		<b>15,938,122</b>	22,243,333
<b>Payment to Auditors</b>			
Auditor	<b>210,000</b>	210,000	
For Other Services	<b>127,080</b>	128,190	
For Reimbursement of Expenses	<b>75,452</b>	58,428	
For Service Tax	<b>49,537</b>	43,135	
		<b>462,069</b>	439,753
		<b>43,114,596</b>	50,433,741

**NOTE -25**
**EARNING PER ORDINARY SHARE**
**BASIC AND DILUTED**

Number of Ordinary Shares at the beginning of the year		<b>3,883,175</b>	3,883,175
Number of Ordinary Shares at the end of the year		<b>3,883,175</b>	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	A	<b>3,883,175</b>	3,883,175
Nominal value of each Ordinary Share (₹)		<b>10</b>	10
Profit after Tax (₹)	B	<b>(21,936,297)</b>	32,248,101
Earning Per Share (Basic and Diluted) (₹)	(B / A)	<b>(5.65)</b>	8.30

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**NOTE -26**

	2015 – 2016 ₹	2014 – 2015 ₹
26.01 Contingent Liabilities / Disputed Liabilities : (To the extent not provided for)		
i) Sales Tax under dispute	<b>322,570</b>	322,570
ii) Demand in respect of earlier years made by Provident Fund Commissioner under appeal	<b>98,317</b>	98,317
iii) Outstanding Bank Guarantees & Letter of credit	<b>1,000,000</b>	3,402,000
iv) Share of Contingent Liabilities of Associate	<b>50,505,598</b>	45,464,062
26.02 Commitments :		
i) Estimated amount of Contracts to be executed on Capital Account and not provided for:- [Net of Advance ₹ 1,700,000/- (2015 ₹ 1,075,000/-)]	<b>3,360,000</b>	3,556,655
ii) Share of Commitments in Associate	<b>6,152,397</b>	9,102,145

Signature to Note '1' to '26'

	A.K.Basak Partner Membership Number-10240 For and on behalf of Dutta, Ghosh & Associates Chartered Accountants Firm Registration No. 309088E	On behalf of the Board
Kolkata, 30th May, 2016	M. L. Daga Company Secretary	A. K. Kothari Chairman A. K. Toshniwal Mg. Director



