

Annual Report 2016 - 2017



KOTHARI PHYTOCHEMICALS & INDUSTRIES LTD.

	DIN
BOARD OF DIRECTORS : 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 A. K. TOSHNIWAL – Managing Director	06872891
COMPANY SECRETARY : SRI M. L. DAGA	
AUDITORS : DUTTA, GHOSH & ASSOCIATES, KOLKATA	
BANKERS : VIJAYA BANK	
REGISTERED OFFICE : C-4, GILLANDER HOUSE, 8, N. S. ROAD, KOLKATA-700 001	
REGISTRAR & SHARE TRANSFER AGENT : M/S. MAHESHWARI DATAMATICS PVT. LTD. 6, MANGOE LANE, 2ND FLOOR, KOLKATA – 700 001	
MANUFACTURING UNITS	
PHYTOCHEMICALS DIVISION	: MADURAI (Tamil Nadu) Mfrs. of : Chemicals and Crude Drugs
CLARO INDIA DIVISION	: GUMMIDIPOONDI (Tamil Nadu) Mfrs. of : Phenolic Resin
SOUTHERN SYNTHETICS DIVISION	: RANIPET (Tamil Nadu) Mfrs. of : Formaldehyde and Hexamine

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DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting ONE HUNDRED TWENTY FIRST Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March 2017.

1. FINANCIAL SUMMARY AND PERFORMANCE OF THE COMPANY :

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Sales for the year (Net of Excise Duty)	211,525,004	179,302,521
Other Income	13,193,601	16,487,665
Other operating Income	1,923,342	1,577,509
Total Income	226,641,947	197,367,695
Profit before Depreciation and Taxation	54,208,037	54,284,999
Less : Depreciation	8,871,996	8,630,618
Profit before Taxation	45,336,041	45,654,381
Less : Provision for Taxation:		
Current Tax	14,500,000	9,200,000
Deferred Tax (Net)	151,939	(50,520)
Taxation adjustments of earlier year (Net)	285,182	—
Profit after Taxation	30,398,920	36,504,901
Add: Balance brought forward	8,791,926	8,971,271
Profit available for appropriation	39,190,846	45,476,172
Proposed Dividend @ 30% (Previous year @ 25%) i.e ₹ 3/- per share of ₹ 10/- each and dividend distribution tax thereon.	14,021,095	11,684,246
Transfer to General Reserve	20,000,000	25,000,000

2. DIVIDEND

Your Directors are pleased to recommend payment of dividend @ 30 % i. e. ₹ 3/- (previous year 25 % i.e. ₹ 2.50) per ordinary share of ₹ 10/- each for the year under review. The total payout amounts to ₹ 14,021,095/- including ₹ 2,371,570/- as Dividend Distribution Tax.

3. RESERVE

Your company has transferred an amount of ₹ 20,000,000/- to the General Reserve for the financial year ended 31st March, 2017.

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

The Paid-up Share Capital of the Company as on 31st March, 2017 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

There was improvement in the demand of Phytochemical products. Revenue from Resin business also improved, but, production of Formaldehyde and Hexamine is becoming uncertain because of outdated technology and unremunerative prices of finished goods in the market.

SEGMENTWISE PERFORMANCE**a) PHYTOCHEMICALS DIVISION**

The overall performance of this division is satisfactory during the year under review. The turnover of the division has increased to ₹ 12.26 Crore as compared to ₹ 8.65 Crore in last year. The raw material prices of Nux Vomica seeds are very much fluctuating. Current order book position is reasonable. The Company expects fresh bulk order for Strychnine, Calcium Sennoside and Tolbutamide.

The division has established online connectivity of effluent Treatment / Zero Liquid Discharge plant to TNPCB, Chennai and Central Pollution Control Board, Delhi and is in the process of obtaining Environmental Clearance for New Phyto Products prior to consent to establish the project.

b) CLARO INDIA DIVISION

The division is maintaining its performance with stable order book position from existing customers. However, the plant and machineries are getting older and require replacement / modification. Long term viability is uncertain because of uneconomic size of the Plant & Machineries in this division.

c) 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 uneconomic plant size & technology with poor yield.

OPPORTUNITIES AND THREATS

Calcium Sennoside 60 % USP has been approved by USFDA. This will facilitate marketing of the product. Revenue of the Company will further increase when commercial production of new phyto products start. Increase in power tariffs, future power cuts and non availability of skilled labours is another area of threat. Outdated plant with poor yield and low capacity utilisation is a serious threat for the survival of Southern Synthetics & Claro India Division.

OUT LOOK

We are planning to complete plant scale upgradation by installing Falling Film Evaporator and Wiped Film Evaporator in Calcium Sennoside plant. This will further improve the quality and yield of Calcium Sennoside 60%, besides enhancing solvent recovery.

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

Monsoon appears to be scanty which will result in short supply of Nuxvomica seeds and their prices my shoot up.

The volatility in the exchange rate of US Dollar to Indian Rupee is another area of concern. With the introduction of GST w. e. f. 1st July, 2017 there will be all around increase in the input cost. Increase in input cost beside the discontinuation of Duty Drawback claims, which will reduce profitability of the Company.

INTERNAL FINANCIAL 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. Internal Audit is conducted by an Independent Professional firm of Chartered Accountants. The Internal Audit Reports are reviewed and discussed with the senior management and Audit Committee. The measures as suggested by the Audit Committee are implemented as per their directions.

HUMAN RESOURCES

Our employees are core resource and the Company is continuously evolving Policies to strengthen its employee value proposition. The Company is constantly working on providing the best working environment to its employees with a view to inculcate leadership and autonomy among them. Value and competencies of employees and workers are enriched through various development strategies.

CAUTIONARY STATEMENT

The statements contained in the Board's Report & Management Discussion and Analysis contain certain facts relating to the future and therefore are forward looking within the meaning of applicable securities laws and regulations. Various factors such as economic conditions, changes in government regulations, tax regime, other statutes, market forces and other associated and incidental factors may however lead to variation in actual results. This Report should be read in conjunction with the financial statements included herein and the notes thereto. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates.

6. DIRECTORS

Smt. Prabhawati Devi Kothari (DIN: 00051860) and Sri Anand Vardhan Kothari (DIN: 02572346) 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.

DIRECTORS' REPORT — (Contd.)
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).

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.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with 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.

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.

DIRECTORS' REPORT — (Contd.)**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 appraised 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. KEY MANAGERIAL PERSONNEL

Sri Rajiv Gupta was appointed as Chief Financial Officer w. e. f. 1st June, 2016.

Sri A. K. Toshniwal (DIN 06872891) has been re-appointed as Managing Director for a further period of 3 years w. e. f. 1st April, 2017.

8. 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.

9. NUMBER OF BOARD MEETINGS HELD

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

10. COMMITTEES OF THE BOARD

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

11. STATUTORY AUDITORS

Messrs Dutta, Ghosh & Associates, (Firm Registration No. 309088E) Chartered Accountants, the Statutory Auditors of the Company are holding office till the conclusion of 121st Annual General Meeting. Upon completion of their term and on the recommendation of Audit Committee the Board proposes to appoint Messrs K. Ray & Company, Chartered Accountants, (Firm Registration No. 312142E) as the Statutory Auditors to hold office for a period of 5 years from the conclusion of 121st Annual General Meeting till the conclusion of 126th Annual General Meeting of the Company, subject to ratification by the members at every Annual General Meeting.

Messrs Singhi & Co., (Firm Registration No. 302049E) Chartered Accountants, the Branch Auditors for Phytochemicals Division and Messrs Srikanth & Shanthi Associates, (Firm Registration No. 004006S) Chartered Accountants, the Branch Auditors for Southern Synthetics Division as well as for Claro India Division are holding office till the conclusion of 121st Annual General Meeting. Upon completion of their term and on the recommendation of Audit Committee the Board proposes to appoint Messrs Jitendra K Agarwal & Associates, Chartered Accountants, (Firm Registration No. 318086E) as the Branch Auditors to hold office for a

DIRECTORS' REPORT — (Contd.)

period of 5 years from the conclusion of 121st Annual General Meeting till the conclusion of 126th Annual General Meeting of the Company, subject to ratification by the members at every Annual General Meeting.

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

Your Directors recommend their appointment by passing necessary resolutions at the forth coming Annual General Meeting.

12. AUDIT REPORTS

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 2016 – 17 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 an integral part of this report.

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

13. 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.

14. 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. 27.06 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.

15. 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.

DIRECTORS' REPORT — (Contd.)
16. EXTRACT OF ANNUAL RETURN

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

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. MATERIAL CHANGES AND COMMITMENTS

Since the production of Formaldehyde and Hexamine is not remunerative, the Company has engaged in dialogue to transfer the unexpired leasehold land right on 10.5 Acres of leasehold land of Southern Synthetics, situated at Plot No. 14, at Sipcot Industrial Complex, Ranipet – 632 403, Vellore District, Tamilnadu, for value consideration, with one BBK Leathers (Private)

DIRECTORS' REPORT — (Contd.)

Limited, Chennai, subject to clearance by SIPCOT. Once the clearance is obtained from SIPCOT, Southern Synthetics division has to be discontinued permanently.

Except as above there are no other material changes and commitments during the period between end of the financial year and the date of this report.

23. 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. Directors and employees have direct access to the Chairman of the Audit Committee.

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

24. 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. The Audit Committee evaluates risk of the business from time to time and suggest methods to mitigate the same.

25. 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.

26. 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 and Chief Financial Officer of the Company have submitted a certificate for the year ended 31st March, 2017 to the Board of Directors.

27. 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.

28. 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, 2017

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 2016-2017, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-2017 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 2016-17 (₹ in Lacs)	% Increase in Remuneration in the financial year 2016-17	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	0.66	- 4.35	0.29	
2.	Smt. Prabhawati Devi Kothari - Director	0.60	1.69	0.26	
3.	Sri Anand Vardhan Kohtari - Director	0.54	10.20	0.23	
4.	Sri Surendra Bagri - Director	0.74	1.37	0.32	
5.	Sri Ajit Khandelwal - Director	0.74	-1.33	0.32	
6.	Sri Aniket Agarwal - Director	0.58	9.43	0.25	
7.	Sri Keshari Chand Mohta - Director	0.02	-96.49	0.01	
8.	Sri A. K. Toshniwal - Managing Director	22.36	8.18	9.68	7.36% of the Net Profit
9.	Sri Rajiv Gupta - Chief Financial Officer (from 1st June 2016)	7.35	0.00	3.18	2.42% of the Net Profit
10.	Sri Madan Lal Daga - Company Secretary	16.15	11.61	6.99	5.31% of the Net Profit

ANNEXURE - I (Contd.)

- (ii) The median Remuneration of employees of the Company during the financial year was ₹ 2.31 Lacs p.a.;
 - (iii) In the Financial Year, there was increase of 3.90% in the median remuneration of employees;
 - (iv) There are 53 permanent employees on the rolls of the Company as on 31st March, 2017;
 - (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 2016-17 Key Managerial Personnel were paid 15.09% 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 31st March, 2017 [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 31st March, 2017 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 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and 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;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **The company has not issued any shares during the year.**

ANNEXURE - II (Contd.)

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Purchase Scheme) Guidelines, 1999;
Not applicable, since the Company has not raised any such scheme as per (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 during the year.
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
Not applicable, since the company has not issued any debt securities during the year (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; Not applicable, **since the company has not applied for delisting of shares during the year and;**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **not applicable, since the company has not bought back of shares during the year"**
- (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 has entered 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, 2017

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 31.03.2017

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

I. REGISTRATION & OTHER DETAILS:

1. CIN	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 23. R. N. Mukherjee Road, 5th Floor, Kolkata -700 001 Phone : (033) 2243-5029 / 2248-2248/2231-6839 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 : i) Strychnine Sulphate ii) Tolbutamide	21005	43% 10%
2.	Organic and Inorganic Chemical Compounds : Phenolic Resin	20119	32%

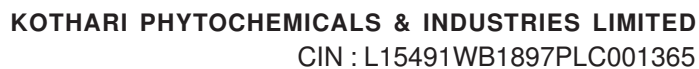
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

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 2016]				No. of Shares held at the end of the year [As on 31st March 2017]				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	40740	36000	76740	1.9762	76840	0	76840	1.9788	0.0026
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2773605	0	2773605	71.4262	2773605	0	2773605	71.4262	0.0000
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	2814345	36000	2850345	73.4024	2850445	0	2850445	73.4050	0.0026
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	2814345	36000	2850345	73.4024	2850445	0	2850445	73.4050	0.0026



ii) 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 2016]				No. of Shares held at the end of the year [As on 31st March 2017]				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	516000	3569	519569	13.3800	516000	369	516369	13.2976	- 0.0824
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	8890	16287	25177	0.6484	8913	15071	23984	0.6176	- 0.0308
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	3520	3524	0.0908	- 0.0144
NBFCs registered with RBI	322000	0	322000	8.2922	322000	0	322000	8.2922	0.0000
Sub-total (B)/(2)	1008894	23936	1032830	26.5976	1008917	18960	1027877	26.4700	- 0.1276
Total Public Shareholding (B)=(B)/(1)+ (B)/(2)	1008894	23936	1032830	26.5976	1008917	23813	1032730	26.5950	- 0.0026
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3823239	59936	388175	100.0000	3859362	23813	3883175	100.0000	0.0000

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	BHAKT WATSAL 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 KARTA OF PARAMSUKHDAS SUGANCHAND HUF	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	6400	0.1648	0.0000	6500	0.1674	0.0000	0.0026
13	ARUN KUMAR KOTHARI	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
	TOTAL	2850345	73.4024	0.0000	2850445	73.4050	0.0000	0.0026

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 KARTA OF PARAMSUKHDAS SUGANCHAND HUF 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 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 31/12/2016 - Transfer At the end of the year	6400 (+) 100	0.1648 (+) 0.0026	6400 6500 6500	0.1648 0.1674 0.1674
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 At the end of the year	322000	8.2922	322000 322000	8.2922 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	ASHOK KUMAR BANKA At the beginning of the year At the end of the year	162000	4.1718	162000 162000	4.1718 4.1718
6	ASHA DEVI SABOO At the beginning of the year At the end of the year	4000	0.1030	4000 4000	0.1030 0.1030
7	BANK OF BARODA # At the beginning of the year As on 09/12/2016 - Transfer At the end of the year	3200 (-) 3200	0.0824 (-) 0.0824	3200 0 0	0.0824 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
8	PRINCESS SHOBHANA RANA At the beginning of the year At the end of the year	3520	0.0906	3520 3520	0.0906 0.0906
9.	VIVEK SJB RANA At the beginning of the year At the end of the year	1600	0.0412	1600 1600	0.0412 0.0412
10.	JOGENDRA KRISTO DUTT At the beginning of the year At the end of the year	814	0.0210	814 814	0.0210 0.0210
11.	INVESTOR EDUCATION & PORTECTION FUND* At the beginning of the year As on 09/12/2016 Transfer At the end of the year	0 (+) 4853	0.0000 (+) 0.1250	0 4853 4853	0.0000 0.1250 0.1250

Ceased to be in the list of Top 10 shareholders as on 31/03/2017. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2016.

* Not in the list of Top 10 shareholders as on 01/04/2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2017.

ANNEXURE - III (Contd.)

v) Shareholding of Directors and Key Managerial Personnel

SI 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 KARTA OF PARAMSUKHDAS SUGANCHAND HUF At the beginning of the year [As on 01/04/2016] At the end of the year [As on 31/03/2017]	19040	0.4903	19040 19040	0.4903 0.4903
2	ARUN KUMAR KOTHARI At the beginning of the year [As on 01/04/2016] At the end of the year [As on 31/03/2017]	2000	0.0515	2000 2000	0.0515 0.0515
3	PRABHAWATI DEVI KOTHARI At the beginning of the year [As on 01/04/2016] As on 31/12/2016 - Transfer At the end of the year [As on 31/03/2017]	6400 (+) 100	0.1648 (+) 0.0026	6400 6500 6500	0.1648 0.1674 0.1674
4	ANAND VARDHAN KOTHARI At the beginning of the year [As on 01/04/2016] At the end of the year [As on 31/03/2017]	13300	0.3425	13300 13300	0.3425 0.3425
5	KESHARI CHAND MOHTA At the beginning of the year [As on 01/04/2016] As on 31/12/2016 - Transfer At the end of the year [As on 31/03/2017]	100 (-) 100	0.0026 (-) 0.0026	100 0 0	0.0026 0.0000 0.0000
6	MADAN LAL DAGA At the beginning of the year [As on 01/04/2016] At the end of the year [As on 31/03/2017]	25	0.0006	25 25	0.0006 0.0006
7	SURAJ DAGA At the beginning of the year [As on 01/04/2016] At the end of the year [As on 31/03/2017]	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.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
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	-	-	-	-
Total (i+ii+iii)	24,653,686.00	20,477.00	-	24,674,163.00
Change in Indebtedness during the financial year				
Addition	-	19,979,523.00	-	19,979,523.00
Reduction	14,653,686.00	-	-	14,653,686.00
Net Change	(14,653,686.00)	19,979,523.00	-	5,325,837.00
Indebtedness at the end of the financial year				
i) Principal Amount	10,000,000.00	20,000,000.00	-	30,000,000.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	10,000,000.00	20,000,000.00	-	30,000,000.00

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/WTM/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	2,221,200.00	2,221,200.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15,000.00	15,000.00
	(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	—	—
	Total (A)	2,236,200.00	2,236,200.00
	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	24,000.00	24,000.00	8,000.00	-	56,000.00
	Commission	50,000.00	50,000.00	50,000.00	-	150,000.00
	Others, please specify	-	-	-	-	-
	Total (1)	74,000.00	74,000.00	58,000.00	-	206,000.00
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	16,000.00	10,000.00	4,000.00	2,000.00	32,000.00
	Commission	50,000.00	50,000.00	50,000.00	-	150,000.00
	Others, please specify	-	-	-	-	-
	Total (2)	66,000.00	60,000.00	54,000.00	2,000.00	182,000.00
	Total (B)=(1+2)	140,000.00	134,000.00	112,000.00	2,000.00	388,000.00
	Overall Ceiling as per the Act *					

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

** Upto 9th November, 2016

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 Rajiv Gupta	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,600,300.00	723,000.00	2,323,300.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	15,000.00	12,105.00	27,105.00
	(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	-	-	-
	Total	1,615,300.00	735,105.00	2,350,405.00

* Sri Rajiv Gupta was appointed as Chief Financial Officer effective June 01, 2016.

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

Name of Associates / Joint Ventures	M/s. Gillanders Arbuthnot & Company Limited
1. Latest audited Balance Sheet Date	29th May, 2017.
2. Shares of Associate / Joint Ventures held by the company on the year end	
No.	55,01,078
Amount of Investment in Associates / Joint Venture	₹ 51,748,615/-
Extent of Holding %	25.78 %
3. Description of how there is Significant influence	Significant influence arises by adequate voting right.
4. Reason why the associate / joint-venture is not consolidated	N. A
5. Networth attributable to Shareholding as per latest audited Balance Sheet	₹ 4,156.30 Lakh (25.78% of ₹ 16,122.19 Lakh)
6. Profit / Loss for the year	
i. Considered in Consolidation	Net Profit ₹ 178.51 Lakh
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, 2017

R. Gupta
Chief Financial Officer

M. L. Daga
Company Secretary

A. K. Kothari
Chairman

A. K. Toshniwal
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

- a) Automatic Power Factor control Panel has been fixed to save energy.
- b) High capacity H P motors have been replaced with optimum H P motors for each Machine at Phytochemicals Division.
- c) Timers have been set for some machines to ensure that the machines operate as per requirement only.
- d) We are replacing conventional tube lights / CFL with LED lamps.
- e) Water based Vacuum pumps have been replaced with energy efficient Ingersol Rand dry Vacuum pumps.

ii. Steps taken for utilising alternate sources of energy

As an alternate source, we are actively studying Solar Panel System to generate Electricity for future consumption.

iii. Capital Investment on Energy Conservation Equipment

No capital expenditures were incurred for Energy Conservation Equipment. However, balancing equipment and devices, Motors, Lamps etc. 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	2016-17	2015-16
Earnings (₹)	1285.78 Lakh	1050.43 Lakh
Outgo (₹)	7.00 Lakh	40.59 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

Good corporate governance practices ensure efficient conduct of the affairs of the Company while upholding the core values, transparency, integrity, honesty, accountability and help the Company in maximizing value for all its stakeholders.

The Company believes that sound Corporate Governance is critical for enhancing ever lasting beneficial relationship with the customers, suppliers, bankers and more importantly with the investors. Employees are motivated for achieving the definite and measurable goals.

2. Board of Directors
(a) Composition

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

Non Executive Directors are skilled and professional people with expertise in finance, administration, human resource and economics. 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 31st March, 2017 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	6	-	4	21040
Smt. P. D. Kothari	00051860	4	-	2	6500
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	-	-	-
Sri A. K. Toshniwal	06872891	-	-	-	-

* Upto 9th November, 2016.

** 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 2016 - 2017, the Board met four times on 30th May, 13th August, 10th November, 2016 and 10th February, 2017.

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 19.09.2016
Sri A. K. Kothari	Non - Executive Chairman	3	No
Smt. P. D. Kothari	Non - Executive	4	No
Sri A. V. Kothari	Non - Executive	2	No
Sri S. Bagri	Non - Executive, Independent	4	Yes
Sri A. Khandelwal	Non - Executive, Independent	4	Yes
Sri A. Agarwal	Non - Executive, Independent	3	Yes
Sri K. C. Mohta*	Non - Executive	1	No
Sri A. K. Toshniwal	Executive – Managing Director	3	Yes

* Upto 9th November, 2016.

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 seeking re - appointment 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) **Smt. Prabhawati Devi Kothari**, aged about 60 years, is a commerce graduate. She is an industrialist having rich experience in the field of Tea, Textiles, Pharmaceuticals and Trading Business. She has expertise and acumen in business and management. Sri Arun Kumar Kothari & Sri Anand Vardhan Kothari, both directors are related to Smt. Prabhawati Devi Kothari, as husband and son respectively. Details of her other Directorships are as follows :-

ANNEXURE - VI (Contd.)
REPORT ON CORPORATE GOVERNANCE

Sl. No.	Name of Company	Nature of Office
1	Gillanders Arbuthnot & Company Limited	Director
2	Albert David Limited	Director
3	Bharat Fritz Werner Limited	Director
4	G. Das & Company Private Limited	Director

- (2) **Sri Anand Vardhan Kothari**, aged about 27 years, is a Bachelor of Business Administration (BBA). He is very young, energetic with good business acumen and commercial prudence. Sri Arun Kumar Kothari & Smt. Prabhawati Devi Kothari, both directors are related to Sri Anand Vardhan Kothari, as father and mother respectively. Details of his other Directorships are as follows :-

Name of Company	Nature of Office
Premier Suppliers Private 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. Risk Management of the Company is overseen by Audit Committee, as no separate risk management committee is required for a company of our size.

The Audit Committee met four times during the year under report, on 30th May, 13th August, 10th November, 2016 and 10th February, 2017.

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

Name of Member	No. of Meetings Attended
Sri S. Bagri, Chairman	4
Sri A. K. Kothari	3
Sri A. Khandelwal	4

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

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)

ANNEXURE - VI (Contd.)
REPORT ON CORPORATE GOVERNANCE

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 two times during the year under report, on 30th May, 2016 and 10th February, 2017 and the attendance of the Members were as under:

Name of Member	No. of Meetings Attended
Sri S. Bagri, Chairman	2
Sri A. K. Kothari	2
Sri A. Khandelwal	2

The role and terms of reference of the Nomination and Remuneration Committee cover all the matters specified 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 taken.
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, Sri K. C. Mohta (upto 9th November, 2016) and Sri S. Bagri (w. e. f. 10th November, 2016) members. The Company Secretary acts as the Compliance Officer.

The Committee met once during the year under review, on 10th February, 2017, which was attended by all the three Members.

During the year, no complain received from the Investors, nor any share transfer pending as on 31st March, 2017.

None of the Complaints remain pending as a matter of routine practice, 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.

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	Stake holders Relationship	Independent Directors	
Sri A. K. Kothari	Non – Executive Chairman	-	-	50,000	6,000	6,000	4,000	-	-	66,000
Smt. P. D. Kothari	Non – Executive	-	-	50,000	8,000	-	-	2,000	-	60,000
Sri A. V. Kothari	Non - Executive	-	-	50,000	4,000	-	-	-	-	54,000
Sri S. Bagri	Non – Executive, Independent	-	-	50,000	8,000	8,000	4,000	2,000	2,000	74,000
Sri A. Khandelwal	Non – Executive, Independent	-	-	50,000	8,000	8,000	4,000	2,000	2,000	74,000
Sri A. Agarwal	Non – Executive, Independent	-	-	50,000	6,000	-	-	-	2,000	58,000
Sri K. C. Mohta*	Non – Executive	-	-	-	2,000	-	-	-	-	2,000
Sri A. K. Toshniwal	Executive - Managing Director	1,476,000	760,200	-	-	-	-	-	-	2,236,200**

* Upto 9th November, 2016.

** Excluding Provision for en-cashable Leave and Gratuity.

*** The commission for the year ended 31st March, 2017 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	₹ 1,926,000/-
		House Rent Allowance	₹ 118,080/-
		Provident Fund	₹ 177,120/-
		Medical Allowance	₹ 15,000/-
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, Managing Director, is as under :

Period of Contract	From 1st April, 2017 to 31st March, 2020
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
2015-2016	19.09.2016	Indian Chamber of Commerce 4, India Exchange Place, Kolkata-700 001	10.30 A.M.
2014-2015	11.09.2015	– Do –	10.30 A.M.
2013-2014	12.08.2014	– Do –	11.30 A.M.

- (b) i) One Special Resolution was passed by the Company at the Annual General Meeting held on 19th September, 2016 authorising the Board of Directors for giving loans, guarantees, acquiring securities of other bodies corporate etc. in excess of prescribed percentages under Section 186 of the Companies Act, 2013, upto a limit of ₹ 100 Crores.
- ii) Two special resolutions were passed on 11th September, 2015 as under:-
- A) For approving payment of Commission to Non – Executive Directors.

ANNEXURE - VI (Contd.)
REPORT ON CORPORATE GOVERNANCE

- 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.
- iii) One Special Resolution was passed by the Company at the Annual General Meeting held on 12th 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.
- (c) During the year ended 31st March, 2017, 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

Date, time & venue of the Annual General Meeting	Tuesday, 5th September, 2017 at 11.00 A.M. at the Indian Chamber of Commerce, Auditorium 4, India Exchange Place, 10th Floor, Kolkata - 700 001	
Financial Calendar 2017-2018 (tentative and subject to change)	<ul style="list-style-type: none"> Financial Year First Quarter Results Second Quarter & Half Yearly Results Third Quarter Results Audited Annual Results for the year ending 31st March 2018 	April to March Second week of September 2017 Second week of December 2017 Second week of February 2018 Last week of May 2018
Dividend Payment Date	After 5th September, 2017 within stipulated time.	
Book Closure Period	Tuesday 29th August, 2017 to Tuesday 5th September, 2017 (both days inclusive)	
Stock Code	CSE : Physical – 21160 Demat – 10021160	
E-Voting	Date and Time : From 2nd September, 2017 (9.00 a.m.) till 4th September, 2017 (5.00 p.m.)	
NSDL / CDSL – ISIN No.	INE264E01016.	

ANNEXURE - VI (Contd.)
REPORT ON CORPORATE GOVERNANCE

Listing at Stock Exchange	The Calcutta Stock Exchange Limited 7 Lyons Range, Kolkata-700 001 Listing Fees for the year 2017-2018 has been paid to the Stock Exchange.
Outstanding ADRs/GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity	N.A

Distribution of shareholding as on 31st March, 2017

Ordinary Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
1 – 500	2645	98.92	14988	0.39
501 – 1000	6	0.22	4769	0.12
1001 – 5000	5	0.19	15973	0.41
5001 – 10000	2	0.07	14500	0.37
10001 – 50000	5	0.19	113758	2.93
50001 – 100000	–	–	–	–
Above 100000	11	0.41	3719187	95.78
Total	2674	100	3883175	100

Shareholding pattern as on 31st March, 2017

Category	No. of Shares Held	% of Shares Held
Indian Promoters	2850445	73.41
Nationalised Banks & Mutual Funds	–	–
NRI / OCBs	3524	0.09
Public	1029206	26.50
Total	3883175	100.00

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
23, R.N. Mukherjee Road, 5th Floor.
Kolkata – 700 001
Ph: (033) 2243 - 5029 / 2248 - 2248 / 2231 - 6839
Fax : (033) 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 31st March 2017, shares representing total Ordinary Share Capital of the Company were held as under:

	No. of Shares	Percentage of Total Capital
In Dematerialised form	38,59,362	99.39%
In Physical form	23,813	0.61%
	<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**
 Nagari, Thanichchiyam Post – 625 221
 Madurai, Tamilnadu

(B) **Claro India Division**
 B – 7, SIPCOT Industrial Complex,
 Gummidipoondi – 601 201, Tamilnadu

(C) **Southern Synthetics Division**
 Plot No. 14, SIPCOT Industrial Complex
 Ranipet, 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
23, R.N. Mukherjee Road, 5th Floor.
Kolkata – 700 001
Ph: (033) 2243 - 5029 / 2248 - 2248 / 2231 - 6839
Fax : (033) 2248 - 4787
Email: mdpldc@yahoo.com |
| (b) | For any investor grievance | : The Company Secretary cum Compliance Officer
Kothari Phytochemicals & Industries Limited
C - 4, Gillander House, 8, N.S. Road,
Kolkata – 700 001
Ph: (033) 2230 - 2331 (6 lines)
Email : mldaga1957@yahoo.co.in |

9. Disclosures

- (i) During the financial year ended 31st March, 2017 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 31st March, 2017 the Company did not engage in any hedging activities.
- (viii) CEO / CFO Certification:

A Certificate from the CEO and CFO 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 30th May, 2017 to approve the Audited Annual Accounts for the year ended 31st March, 2017.

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 is in the process of taking necessary steps to deal with unclaimed physical shares.

For and on behalf of the Board

Place : Kolkata
 Dated : 30th May, 2017

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, 2017

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 examined the compliance of conditions of Corporate Governance by Kothari Phytochemicals & Industries Limited for the year ended 31st March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") 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 examination 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 Regulations, as applicable with the Stock Exchange have been complied with in all material respects by the Company.

Kolkata, 30th May, 2017

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

	2013	2014	2015	2016	2017
SHARE CAPITAL	38,832	38,832	38,832	38,832	38,832
RESERVE & SURPLUS	278,904	298,557	333,351	358,171	374,549
SHAREHOLDERS' FUND (Equity)	317,736	337,389	372,183	397,003	413,381
LOAN FUND (DEBT)	37,102	28,518	22,776	24,674	30,000
DEFERRED TAX LIABILITY/(ASSET)	(7,693)	2,464	2,199	2,148	2,300
FIXED ASSETS (NET)	91,565	88,976	100,309	100,695	95,763
INVESTMENTS	89,292	115,261	115,459	115,431	113,730
NET CURRENT ASSETS	166,288	164,134	181,389	207,699	236,188
NET ASSETS EMPLOYED	354,838	365,907	394,958	421,677	443,381
SALES	281,275	330,747	300,029	187,311	220,709
PROFIT (LOSS) BEFORE TAX	31,579	45,996	57,213	45,654	45,336
PROFIT (LOSS) AFTER TAX	26,046	28,739	46,478	36,505	30,399
DIVIDEND DISTRIBUTED *	9,086	9,086	11,684	11,684	14,021
RETAINED EARNINGS FOR THE YEAR	4,525	9,177	8,971	8,792	5,170
EQUITY DIVIDEND %	20	20	25	25	30
EARNINGS PER EQUITY SHARE	6.71	7.40	11.97	9.40	7.83
SHAREHOLDERS' FUND PER EQUITY SHARE	81.82	86.88	95.85	102.24	106.45
DEBT/ EQUITY RATIO	0.12:1	0.08:1	0.06:1	0.06:1	0.07:1

* 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 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 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

INDEPENDENT AUDITORS' REPORT– (Contd.)

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 31st March, 2017;
- (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 ₹ 27,51,47,200/- as at 31st March, 2017 and total revenues of ₹ 21,69,67,167/- 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 – 27.02 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.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note – 27.01.

Kolkata, 30th May, 2017

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, 2017

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. According to the information and explanations given to us, the Company has not granted any loan secured / unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Consequently, the provisions of clauses iii (a), iii (b) and iii (c) of the Order are not applicable to the Company.
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 including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax,

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

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, 2017 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, 2017, 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, 2017

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 Statements of *KOTHARI PHYTOCHEMICALS & INDUSTRIES LIMITED* for the year ended 31st March, 2017

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, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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, 2017, 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, 2017 expressed an unqualified opinion thereon.

Kolkata, 30th May, 2017

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, 2017

	Note	As at 31st March, 2017		As at 31st March, 2016	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
(1) Shareholders' Fund					
(a) Share Capital	2	38,831,750		38,831,750	
(b) Reserves and Surplus	3	374,549,257		358,171,432	
			413,381,007		397,003,182
(2) Non - Current Liabilities					
(a) Deferred Tax Liabilities (Net)	4	2,300,043		2,148,104	
(b) Long Term Provisions	5	2,146,988		1,890,364	
			4,447,031		4,038,468
(3) Current Liabilities					
(a) Short Term Borrowings	6	30,000,000		24,674,163	
(b) Trade Payables	7	12,081,760		15,797,195	
(c) Other Current Liabilities	8	24,715,521		5,337,680	
(d) Short Term Provisions	9	14,021,095		11,684,246	
			80,818,376		57,493,284
TOTAL			498,646,414		458,534,934
II. ASSETS					
(1) Non - Current Assets					
(a) Fixed Assets	10				
(i) Tangible Assets		58,900,672		62,874,129	
(ii) Capital Work-in-progress		36,862,045		37,821,263	
(b) Non - Current Investments	11	113,730,279		115,430,869	
(c) Long Term Loans and Advances	12	3,676,044		4,937,047	
			213,169,040		221,063,308
(2) Current Assets					
(a) Inventories	13	97,717,206		101,145,492	
(b) Trade Receivables	14	15,820,675		12,467,951	
(c) Cash and Cash Equivalents	15	56,688,167		64,794,427	
(d) Short Term Loans and Advances	16	112,470,033		58,529,247	
(e) Other Current Assets	17	2,781,293		534,509	
			285,477,374		237,471,626
TOTAL			498,646,414		458,534,934
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.

 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, 2017

 R. Gupta
 Chief Financial Officer

 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, 2017

INCOME :	Note	2016 – 2017	2015 – 2016
		₹	₹
Revenue from Operations	18	213,448,346	180,880,030
Other Income	19	13,193,601	16,487,665
Total Revenue		<u>226,641,947</u>	<u>197,367,695</u>
EXPENDITURE :			
Cost of Materials Consumed	20	82,089,771	117,480,683
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	23,944,405	(47,495,493)
Employee Benefits Expense	22	29,167,140	29,077,385
Finance Costs	23	1,199,298	2,068,477
Depreciation and Amortisation Expense	24	8,871,996	8,630,618
Other Expenses	25	36,033,296	41,951,644
Total Expenses		<u>181,305,906</u>	<u>151,713,314</u>
PROFIT BEFORE TAXATION		45,336,041	45,654,381
Provision For Tax :			
Current Tax		(14,500,000)	(9,200,000)
Deferred Tax (Net)		(151,939)	50,520
Taxation adjustments of earlier years (Net)		(285,182)	—
PROFIT FOR THE YEAR		<u>30,398,920</u>	<u>36,504,901</u>
Earning per Ordinary Share of Rs. 10/- each			
Basic and Diluted	26	7.83	9.40
Significant Accounting Policies	1		

This is the statement of Profit & Loss referred to in our report of even date.

A.K.Basak
Partner
Membership Number-10240
For and on behalf of
Dutta, Ghosh & Associates
Chartered Accountants
Kolkata,
30th May, 2017

Firm Registration No. 309088E

R. Gupta
Chief Financial Officer

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

On behalf of the Board

M. L. Daga
Company Secretary

A. K. Kothari
Chairman

A. K. Toshniwal
Mg. Director

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	2016 – 2017		2015 – 2016	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities :				
Profit before Tax and Extraordinary/ Non-recurring items		45,336,041		45,654,381
Adjustments for :				
Depreciation and Amortisation	8,871,996		8,630,618	
Profit on Sale/Discard of Fixed Assets (Net)	(130,331)		–	
Income from Investments (Dividend)	(155,675)		(992,132)	
Profit on Sale of Investments	(1,632,578)		(3,945,481)	
Irrecoverable Bad & Sundry Receivables written off	–		728,223	
Interest (Net)	(8,634,747)		(8,396,323)	
Liabilities & provisions no longer required written back	(1,386,418)	(3,067,753)	(951,951)	(4,927,046)
Operating Profit before Working Capital Changes		42,268,288		40,727,335
Adjustments for :				
Trade and Other Receivables	1,254,449		2,928,765	
Inventories	3,428,286		(37,954,996)	
Trade Payables	16,603,941	21,286,676	5,739,716	(29,286,515)
Cash Generated from Operations		63,554,964		11,440,820
Direct Taxes - (Payments)/Refunds	(11,721,701)	(11,721,701)	(14,034,394)	(14,034,394)
Net Cash (used in)/ From Operating Activities		51,833,263		(2,593,574)
B. Cash Flow From Investing Activities :				
Purchase of Fixed Assets	(3,955,490)		(9,016,888)	
Proceeds from Sale of Fixed Assets	146,500		–	
Dividend Received	155,675		992,132	
Purchase of Investments	(2,570,560)		(18,674,323)	
(Increase) / Decrease in Loans Given	(60,000,000)		(35,000,000)	
Proceeds from Sale of Investments	5,903,728		22,647,700	
Interest Received	7,236,824		10,840,174	
Net Cash (Used in) / From Investing Activities		(53,083,323)		(28,211,205)

STANDALONE CASH FLOW STATEMENT (Contd.)

	2016 – 2017		2015 – 2016	
	₹	₹	₹	₹
C. Cash Flow from Financing Activities				
Net Increase/(Decrease) in Short Term Borrowings from Banks	(14,653,686)		1,898,082	
Net Increase/(Decrease) in Short Term Borrowings from Others	19,979,523		—	
Interest Paid	(524,668)		(2,068,477)	
Dividends Paid	(9,681,061)		(9,677,994)	
Dividend Tax Paid	(1,976,308)		(1,976,308)	
Net Cash (Used in) / From Financing Activities	(6,856,200)		(11,824,697)	
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		(8,106,260)		(42,629,476)
Opening Cash and Cash Equivalents	64,794,427		107,423,903	
Closing Cash and Cash Equivalents	56,688,167	(8,106,260)	64,794,427	(42,629,476)
Cash and Cash Equivalents Comprise :				
Cash in Hand and Balances with Banks		56,688,167		64,794,427
(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.

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, 2017	R. Gupta Chief Financial Officer	M. L. Daga Company Secretary	A. K. Kothari Chairman
			A. K. Toshniwal Mg. Director

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE – 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 or 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, 2017

NOTE - 2	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
SHARE CAPITAL :		
AUTHORISED :		
300,000 Preference Shares of ₹ 100/- each.	30,000,000	30,000,000
17,000,000 Ordinary Shares of ₹ 10/- each.	170,000,000	170,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP :		
3,883,175 (2016 - 3,883,175) Ordinary Shares of ₹ 10/- each fully paid-up.	38,831,750	38,831,750
	<u>38,831,750</u>	<u>38,831,750</u>

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 2017, the amount of dividend per share recognised as distributions to Ordinary shareholders was ₹ 3/- (2016 ₹ 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.

Name	As at 31st March 2017		As at 31st March 2016	
	% held	No. of Shares	% held	No. of Shares
Commercial House Private Limited	19.45%	755,414	19.45%	755,414
Kothari & Company Private Limited	15.32%	594,960	15.32%	594,960
M. D. Kothari & Company Limited	14.85%	576,525	14.85%	576,525
Kothari Investment & Industries Private Limited	14.18%	550,720	14.18%	550,720
Vishnuhari Investments & Properties Limited	6.22%	241,568	6.22%	241,568

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

	As at 31st March, 2017	As at 31st March, 2016
Ordinary Shares at the beginning of the year	<u>3,883,175</u>	<u>3,883,175</u>
Ordinary Shares at the end of the year	<u>3,883,175</u>	<u>3,883,175</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 3	As at 31st March, 2017		As at 31st March, 2016	
	₹	₹	₹	₹
RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet		9,193,040		9,193,040
Securities Premium Account				
As per Last Balance Sheet		1,450,657		1,450,657
General Reserve				
As per last Balance Sheet	338,735,809		313,735,809	
Add : Transferred from statement of Profit and Loss	<u>20,000,000</u>		<u>25,000,000</u>	
		358,735,809		338,735,809
Surplus in the Statement of Profit and Loss				
As per last Balance Sheet	8,791,926		8,971,271	
Add : Profit for the year	<u>30,398,920</u>		<u>36,504,901</u>	
	39,190,846		45,476,172	
Less : Appropriations :				
Transferred to General Reserve	20,000,000		25,000,000	
Proposed Dividend on Equity Shares	11,649,525		9,707,938	
[Dividend per Share ₹ 3/- (2016 ₹ 2.50)]				
Tax on Proposed Dividend	<u>2,371,570</u>		<u>1,976,308</u>	
		<u>5,169,751</u>		<u>8,791,926</u>
		374,549,257		<u>358,171,432</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 4	₹	As at 31st March, 2017 ₹	₹	As at 31st March, 2016 ₹
DEFERRED TAX LIABILITIES (NET)				
Liabilities				
– Difference between net book value of depreciable fixed assets as per books vis - a - vis written down value as per Income Tax Act.		4,660,671		4,524,688
Less : Assets				
– Accrued expenses deductible on payment basis / Employee Benefits	872,793		845,773	
– Provision for Diminution in the Value of Investments	1,487,835		1,487,835	
– Provision for Doubtful Receivables	<u>–</u>		<u>42,976</u>	
		2,360,628		2,376,584
		2,300,043		2,148,104

NOTE - 5
LONG TERM PROVISIONS

Provision for Employee Benefits				
– Gratuity		217,076		170,028
– Leave Encashment Benefit		1,929,912		1,720,336
		<u>2,146,988</u>		<u>1,890,364</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE - 6		
SHORT TERM BORROWINGS		
Secured		
PHYTOCHEMICALS DIVISION		
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.	–	657,780
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 is backed by firm Export Orders.	10,000,000	23,995,906
Unsecured		
Loans Repayable on Demand		
– From a Director	20,000,000	–
State Government of Tamil Nadu –		
Sales Tax Deferral Scheme	–	20,477
	<u>30,000,000</u>	<u>24,674,163</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
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NOTE - 7
TRADE PAYABLES

For Goods	12,081,760	15,797,195
	<u>12,081,760</u>	<u>15,797,195</u>

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

NOTE - 8
OTHER CURRENT LIABILITIES

Interest accrued but not due on borrowings	674,630	—
Advances from Customers	17,371,760	—
Unpaid Dividend (To be credited to Investor Education & Protection Fund as and when become due)	198,649	171,772
Unpaid Fractional amount of shares	234,811	234,811
Other Payables*	6,235,671	4,931,097
	<u>24,715,521</u>	<u>5,337,680</u>

*Includes Statutory Liabilities ₹ 934,973/- (2016 ₹ 637,863/-), Salary, Wages and Bonus ₹ 1,119,839/- (2016 ₹ 1,426,493/-) and Commission Payable ₹ 610,503/- (2016 ₹ 537,303/-)

NOTE - 9
SHORT TERM PROVISIONS

Proposed Dividend	11,649,525	9,707,938
Tax on Proposed Dividend	2,371,570	1,976,308
	<u>14,021,095</u>	<u>11,684,246</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE - 10
FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Balance as at 31st March, 2016	Additions	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2016	Depreciation/ Amortisation for the year	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
Tangible Assets	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Leasehold Land	1,262,400	-	-	1,262,400	306,050	12,752	-	318,802	943,598	956,350
Freehold Land	2,074,532	-	-	2,074,532	-	-	-	-	2,074,532	2,074,532
Buildings	37,915,717	-	-	37,915,717	18,511,433	883,670	-	19,395,103	18,520,614	19,404,284
Plant and Equipment	142,884,422	4,421,003	12,172,438	135,132,987	105,790,275	7,279,026	12,170,938	100,898,363	34,234,624	37,094,147
Electric Installation	6,419,262	-	-	6,419,262	5,866,110	45,927	-	5,912,037	507,225	553,152
Computers	1,171,697	47,550	102,009	1,117,238	1,087,776	41,255	96,909	1,032,122	85,116	83,921
Office Equipment	1,682,544	131,292	35,453	1,778,383	1,342,443	122,784	25,884	1,439,343	339,040	340,101
Furniture and Fixtures	588,006	-	-	588,006	477,694	12,084	-	489,778	98,228	110,312
Motor Vehicles	3,680,113	-	-	3,680,113	1,422,783	467,655	-	1,890,438	1,789,675	2,257,330
Tubewell and Water Works	-	314,863	-	314,863	-	6,843	-	6,843	308,020	-
Total :	197,678,693	4,914,708	12,309,900	190,283,501	134,804,564	8,871,996	12,293,731	131,382,829	58,900,672	62,874,129
Capital Work in Progress	37,821,263	544,291	1,503,509	36,862,045	-	-	-	-	36,862,045	37,821,263
2016	193,733,634	3,945,059	-	197,678,693	126,173,946	8,630,618	-	134,804,564	62,874,129	-

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 11	Face Value	As at 31st March, 2017	As at 31st March, 2016
	₹	₹	₹
NON - CURRENT INVESTMENTS			
<i>(Long Term Investments)</i>			
Other than Trade - At or under cost			
A. INVESTMENT IN ASSOCIATES:			
In Equity Shares - Quoted, fully paid up			
5,501,078 Gillanders Arbuthnot & Company Limited	10	51,748,615	51,748,615
(2016 - 5,501,078)			
TOTAL A		51,748,615	51,748,615
B. INVESTMENT IN OTHERS:			
(i) In Equity Shares - Quoted, fully paid up			
6,000 Welspun Corporation Limited	5	1,362,315	1,362,315
(2016 - 6,000)			
104 Kesoram Textile Mills Limited	2	—	—
(2016 - 104)			
500 Vijaya Bank Limited	10	12,000	12,000
(2016 - 500)			
195 Xpro India Limited	10	—	—
(2016 - 195)			
61,589 Albert David Limited	10	5,892,361	5,892,361
(2016 - 61,589)			
400 Century Textile & Industries Limited	10	124,288	1,936,827
(2016 - 4,400) (Purchase 500 shares and Sold 4500 shares during the year)			
— Assam Company India Limited	1	—	316,081
(2016 - 15,000) (Purchase 1500 shares and Sold 16500 shares during the year)			
700 Balmer Lawrie & Company Limited	10	59,005	59,005
(2016 - 175) (Received 525 Bonus shares during the year)			
— Crains Software International Limited	2	—	58,574
(2016 - 2,000) (Sold 2000 shares during the year)			
Carried Forward		7,449,969	9,637,163

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE -11 (Contd.)		Face Value	As at 31st March, 2017	As at 31st March, 2016
		₹	₹	₹
	Brought Forward		7,449,969	9,637,163
	– The Dhampur Sugar Mills Limited	10	–	959,707
	(2016 - 8,500) (Purchase 500 shares and Sold 9000 shares during the year)			
	13,000 Electrosteel Castings Limited	1	538,633	538,633
	(2016 - 13,000)			
	6,000 GMR Infrastructure Limited	1	351,659	351,659
	(2016 - 6,000)			
	250 Deccan Cements Limited	10	49,652	49,652
	(2016 - 250)			
	5,500 IOL Chemicals and Pharmaceuticals Limited	10	347,574	347,574
	(2016 - 5,500)			
	3,800 Jai Prakash Associates Limited	2	250,973	250,973
	(2016 - 3,800)			
	500 Titan Company Limited	1	102,200	102,200
	(2016 - 500)			
	1,500 Graphite India Limited	2	146,664	146,664
	(2016 - 1,500)			
	– HBL Power Systems Limited	1	–	147,305
	(2016 - 7,000) (Purchase 452 shares and Sold 7452 shares during the year)			
	2,000 Inox Leisure Limited	10	366,347	366,347
	(2016 - 2,000)			
	1,200 Larsen and Toubro Limited	2	1,875,700	1,875,700
	(2016 - 1,200)			
	– Opto Circuits (India) Limited	10	–	406,384
	(2016 – 10,000) (Sold 10000 shares during the year)			
	2,700 Tata Steel Limited	10	1,379,484	1,379,484
	(2016 - 2,700)			
	2,929 Pilani Investment & Industries Corporation Limited	10	8,338	8,338
	(2016 - 2,929)			
	Carried Forward		12,867,193	16,567,783

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE -11 (Contd.)		Face Value	As at 31st March, 2017	As at 31st March, 2016
		₹	₹	₹
	Brought Forward		12,867,193	16,567,783
60	Cimmco Limited	10	10,800	10,800
(2016 - 60)				
—	Vardhaman Special Steels Limited	10	—	—
(2016 - 350)	(Sold 350 shares during the year)			
TOTAL B (i)			12,877,993	16,578,583
(ii) In Equity Shares - Unquoted, fully paid up				
1,160	Tulip Tea Company Limited	25	9,110	9,110
(2016 - 1,160)				
15	Aaham Printers Private Limited (in Liquidation)	100	1	1
(2016 - 15)				
250,000	Satyam Financial Services Limited	10	2,501,250	501,250
(2016 - 50,000)	(Purchase 200000 shares during the year)			
450,000	Vidyasagar Industries Private Limited	10	4,500,000	4,500,000
(2016 - 4,50,000)				
296,504	Bharat Fritz Werner Limited	2	29,789,757	29,789,757
(2016 - 296,504)				
2,000	Bharat Fritz Werner Limited DVR	2	210,180	210,180
(2016 - 2,000)				
Less: Provision for Diminution in carrying amount of Investments			(4,500,000)	(4,500,000)
TOTAL B (ii)			32,510,298	30,510,298
(iii) In Mutual Fund - Quoted, fully paid up				
47,112.5210	DSP Black Rock India T.I.G.E.R Fund – Regular Plan - Growth	10	2,912,119	2,912,119
(2016 - 47,112.5210)				
75,564.9650	DSP Black Rock Small and Mid Cap Fund– Regular Plan - Growth	10	2,219,872	2,219,872
(2016-75,564.9650)				
11,959.6190	ICICI Prudential Value Discovery Fund - Growth	10	1,095,979	1,095,979
(2016 - 11,959.6190)				
40,811.8580	IDFC Premier Equity Fund – Growth - (Regular Plan)	10	2,348,645	2,348,645
(2016-40,811.8580)				
Carried Forward			8,576,615	8,576,615

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE -11 (Contd.)		Face Value	As at 31st March, 2017	As at 31st March, 2016
		₹	₹	₹
	Brought Forward		8,576,615	8,576,615
44,114.4630	Reliance Equity Opportunities Fund -			
	Growth Plan Growth Option	10	3,348,186	3,348,186
(2016 - 44,114.4630)				
127,361.5050	Reliance Mid & Small Cap Fund –			
	Growth Plan Growth Option	10	3,390,478	3,390,478
(2016-127,361.5050)				
647.5610	Reliance Money Manager Fund –			
	Growth Plan Growth Option	10	1,278,094	1,278,094
(2016-647.5610)				
	TOTAL B (iii)		16,593,373	16,593,373
	TOTAL B (i to iii)		61,981,664	63,682,254
	TOTAL (A + B)		113,730,279	115,430,869
Aggregate amount of quoted investments				
	(including investments in Mutual Fund)		81,219,981	84,920,571
Aggregate amount of unquoted investments			37,010,298	35,010,298
			118,230,279	119,930,869
Less : Provision for diminution in carrying amount of investments			4,500,000	4,500,000
			113,730,279	115,430,869
Aggregate Market Value of quoted investments			390,056,022	371,770,041
Aggregate NAV of units in Mutual Fund			22,833,441	17,897,275
			412,889,463	389,667,316

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE -12		
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good unless stated otherwise)		
Security Deposits	2,789,417	2,625,420
Capital Advances	871,627	2,296,627
Other Loans and Advances	67,521	67,521
	<u>3,728,565</u>	<u>4,989,568</u>
Less: Provision for Doubtful Advances	52,521	52,521
	<u>3,676,044</u>	<u>4,937,047</u>

NOTE -13
INVENTORIES

Raw Materials	36,849,736	16,372,339
Materials - in - Process	45,456,363	77,615,595
Finished Goods	10,487,806	2,272,979
Stores and Spare Parts	4,923,301	4,884,579
	<u>97,717,206</u>	<u>101,145,492</u>

NOTE -14
TRADE RECEIVABLES

(Unsecured, Considered good unless stated otherwise)

Debts over six months		
Considered Good	45,553	9,794
Considered Doubtful	-	129,982
	<u>45,553</u>	<u>139,776</u>
Less : Provision for Doubtful Trade Receivable	-	129,982
	<u>45,553</u>	<u>9,794</u>
Other Debts	15,775,122	12,458,157
	<u>15,820,675</u>	<u>12,467,951</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE -15		
CASH AND CASH EQUIVALENTS		
Balances with Banks #	7,908,131	50,360,936
Cash in Hand	26,636	18,247
Fixed deposits with banks	48,753,400	14,415,244
	<u>56,688,167</u>	<u>64,794,427</u>

Balance with Banks includes Unpaid Dividend of ₹ 198,649/- (2016 ₹ 171,772/-) and Unpaid Fractional amount of shares ₹ 234,811/- (2016 ₹ 234,811/-)

NOTE -16
SHORT TERM LOANS AND ADVANCES

Loan to Bodies Corporates	95,000,000	35,000,000
Advances to Suppliers	350,448	314,254
Balance with Customs, Central Excise Authorities	7,158,104	10,118,030
Other Loans and Advances	1,132,444	1,204,445
Advance payment of Tax (Net of Provision) (Inclusive of Tax Deducted at Source)	8,829,037	11,892,518
	<u>112,470,033</u>	<u>58,529,247</u>

NOTE -17
OTHER CURRENT ASSETS

Interest accrued on Loans and Deposits	2,687,179	89,958
Export Incentive Receivable	94,114	444,551
	<u>2,781,293</u>	<u>534,509</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 18	2016 - 2017		2015 - 2016	
	₹	₹	₹	₹
REVENUE FROM OPERATIONS				
SALE OF PRODUCTS				
Calcium Sennoside	4,477,609		939,646	
Brucine Sulphate	840,497		5,490,952	
Strychnine Sulphate	90,474,979		66,766,784	
Tolbutamide	21,451,823		10,108,142	
Chlorpropamide	2,403,343		405,068	
Metformin HCL	2,903,753		2,732,447	
Formaldehyde	10,314,115		10,775,855	
Hexamine	262,578		417,575	
Paraformaldehyde	12,467,578		22,395,547	
Phenolic Resin	75,112,489		67,278,695	
		220,708,764		187,310,711
OTHER OPERATING REVENUE				
Export Incentives	1,893,212		1,460,527	
Claims	—		5,696	
Sale of Scrap	—		73,986	
Miscellaneous Receipts	30,130		37,300	
		1,923,342		1,577,509
		222,632,106		188,888,220
LESS : EXCISE DUTY		9,183,760		8,008,190
		213,448,346		180,880,030

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 19	2016 - 2017		2015 - 2016	
	₹	₹	₹	₹
OTHER INCOME				
Interest				
Interest on Advances, Deposits and Others - Gross		9,834,045		10,464,800
Dividend				
From Long Term Investments - Other than Trade		155,675		992,132
Net gain on Sale of Investments				
Profit on Sale of Investments - Other than Trade		1,632,578		3,945,481
Other Non - Operating Income				
Exchange Rate Fluctuation (Net)	37,677		71,459	
Liabilities / Provision no longer required, written back	1,256,436		394,308	
Provision for Doubtful Receivables Written Back	129,982		557,643	
Profit on Sales of Fixed Assets	146,500		—	
Miscellaneous Income	708		61,842	
		1,571,303		1,085,252
		13,193,601		16,487,665

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE -20	2016 – 2017	2015 – 2016
	₹	₹

COST OF MATERIALS CONSUMED

Senna Leaves and Pods	1,828,700	6,676,649
Methanol and Spirit	3,496,638	6,478,179
Nuxvomica Bark and Seeds	15,421,590	28,797,801
Remax	965,007	2,729,680
PTS Amide	–	3,601,961
N. Butylamine	–	779,553
Phenol	35,145,637	32,263,304
DEG	541,069	821,106
P.C.B.S. Amide	157,955	–
Others	24,533,175	35,332,450
	<u>82,089,771</u>	<u>117,480,683</u>

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

Opening Inventories	2,272,979	1,133,826
Closing Inventories	<u>10,487,806</u>	<u>2,272,979</u>
Net (Increase) / Decrease	(8,214,827)	(1,139,153)

Materials - in - Process

Opening Inventories	77,615,595	31,259,255
Closing Inventories	<u>45,456,363</u>	<u>77,615,595</u>
Net (Increase) / Decrease	32,159,232	(46,356,340)
	<u>23,944,405</u>	<u>(47,495,493)</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	2016 - 2017	2015 - 2016
	₹	₹
NOTE -22		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	25,963,401	25,721,067
Contribution to Provident and Other Funds	1,828,290	1,817,751
Workmen and Staff Welfare Expenses	1,375,449	1,538,567
	<u>29,167,140</u>	<u>29,077,385</u>
NOTE -23		
FINANCE COSTS		
Interest Expenses	1,199,298	2,068,477
	<u>1,199,298</u>	<u>2,068,477</u>
NOTE -24		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation (Refer Note 10)	8,859,244	8,617,866
Amortisation	12,752	12,752
	<u>8,871,996</u>	<u>8,630,618</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE -25		2016 – 2017		2015 – 2016
	₹	₹	₹	₹
OTHER EXPENSES				
Manufacturing Expenses				
Consumption of stores and spare parts	3,065,097		2,322,452	
Power and Fuel	9,411,160		15,416,018	
Repairs to Buildings	968,260		148,749	
Repairs to Machinery	2,748,892		2,805,229	
Repairs to Other Assets	465,710		551,577	
		16,659,119		21,244,025
Selling and Distribution Expenses				
Freight, Shipping, Delivering and Selling Expenses	5,153,475		5,533,344	
Selling Agents' Commission (Other than Sole Selling Agents)	73,200		132,057	
Sales Promotion Expenses	73,065		35,011	
		5,299,740		5,700,412
Establishment Expenses				
Rent	591,035		579,137	
Rates and Taxes	723,696		795,586	
Bank Charges	388,524		327,801	
Travelling and Conveyance Expenses	2,890,147		3,449,623	
Postage and Telephone	656,865		651,982	
Printing and Stationery	360,094		307,810	
Subscription	119,644		124,258	
Insurance	1,007,166		1,029,311	
Motor Vehicle Expense	521,445		543,455	
Directors' Sitting Fees	88,000		134,000	
Directors' Commission	300,000		300,000	
Managing Directors Remuneration	2,236,200		2,066,858	

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE -25 (Contd.)	2016 – 2017		2015 – 2016	
	₹	₹	₹	₹
Legal and Professional Fee	1,109,251		1,131,468	
Internal Audit Fees	69,000		68,700	
Obsolete and Discarded Assets Written Off	16,169		—	
Bad and Sundry Receivables Written Off	—		728,223	
Donation	—		500,000	
Miscellaneous Expenses	<u>2,532,623</u>		<u>1,806,926</u>	
		13,609,859		14,545,138
Payment to Auditors				
Auditor	210,000		210,000	
For Other Services	145,800		127,080	
For Reimbursement of Expenses	56,846		75,452	
For Service Tax	<u>51,932</u>		<u>49,537</u>	
		464,578		462,069
		<u>36,033,296</u>		<u>41,951,644</u>

NOTE -26
EARNING PER ORDINARY SHARE
BASIC AND DILUTED

Number of Ordinary Shares at the beginning of the year		3,883,175	3,883,175
Number of Ordinary Shares at the end of the year		3,883,175	3,883,175
Weighted average number of Ordinary Shares			
outstanding during the year	A	3,883,175	3,883,175
Nominal value of each Ordinary Share (₹)		10	10
Profit after Tax (₹)	B	30,398,920	36,504,901
Earning Per Share (Basic and Diluted) (₹)	(B / A)	<u>7.83</u>	<u>9.40</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE -27

- 27.01 Particulars of transaction of Specified Bank Notes (SBN) and other Denomination Notes during the period 9th November, 2016 to 30th December, 2016.

	SBN Amount (₹)	Other Denomination Notes Amount (₹)
Closing Balance as at 8th November, 2016	52,000	61,019
	<u>52,000</u>	<u>61,019</u>
Transaction between 9th November, 2016 to 30th December, 2016.		
Amount withdrawn from Bank		100,000
Receipt for permitted transactions		891,468
Paid for permitted transactions		(959,831)
Deposited in Bank	(52,000)	
Closing Balance as at 30th December, 2016	<u>—</u>	<u>92,656</u>

The above statement has been prepared from the Company's books and records.

	2016 – 2017 ₹	2015 – 2016 ₹
27.02 Contingent Liabilities / Disputed Liabilities : (To the extent not provided for)		
Claims against the company not acknowledged as debts :-		
i) Sales Tax under dispute	322,570	322,570
ii) Demand in respect of earlier years made by Provident Fund Commissioner under appeal	98,317	98,317
iii) Outstanding Bank Guarantees and Letter of credit	—	1,000,000
27.03 Commitments :		
Estimated amount of Contracts to be executed on Capital Account and not provided for:- [Net of Advance ₹ 275,000/- (2016 ₹ 1,700,000/-)]	3,742,200	3,360,000
27.04 Total Salaries, Wages and Bonus for the year.	25,963,401	25,721,067
27.05 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, 2017.

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE -27 (Contd.)

Description	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2017 ₹	2016 ₹	2017 ₹	2016 ₹
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	4,521,201	4,411,348	1,720,336	1,766,223
Current Service Cost	207,072	229,823	192,582	177,417
Interest Cost	361,696	352,908	110,133	123,308
Actuarial (Gain) / Losses	(218,483)	(180,191)	200,871	103,126
Benefits Paid	(590,607)	(292,687)	(294,010)	(449,738)
Present value of Obligation at the end of the year	4,280,879	4,521,201	1,929,912	1,720,336
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	4,351,173	4,296,677	—	—
Expected Return on Plan Assets	303,237	347,183	—	—
Contributions	—	—	—	—
Actuarial (Gain) / Losses	—	—	—	—
Benefits Paid	(590,607)	(292,687)	—	—
Fair Value of Plan Assets at the end of the year	4,063,803	4,351,173	—	—
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	4,280,879	4,521,201	1,929,912	1,720,336
Fair Value of Plan Assets at the end of the year	4,063,803	4,351,173	—	—
Assets / (Liabilities) recognized in the Balance Sheet	(217,076)	(170,028)	(1,929,912)	(1,720,336)

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE -27 (Contd.)

Description	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2017 ₹	2016 ₹	2017 ₹	2016 ₹
Expenses recognized in the Statement of Profit and Loss				
Current Service Cost	207,072	229,823	192,582	177,417
Interest Cost	361,696	352,908	110,133	123,308
Expected return on Plan Assets	(303,237)	(347,183)	—	—
Actuarial (Gain) / Losses	(218,483)	(180,191)	200,871	103,126
Total Expense recognized	47,048	55,357	503,586	403,851
Category of Plan Assets				
Fund with LIC	4,063,803	4,351,173	—	—
Actual return on Plan Assets	303,237	347,183	—	—
Principal Actuarial Assumptions				
Discount Rate	8.00 %	8.00 %	7.00 %	8.00 %
Salary Escalation	6.00 %	6.00 %	6.00 %	6.00 %
Inflation Rate	—	—	6.00 %	6.00 %
Expected return on Assets	6.97 %	8.08 %	—	—

27.06 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

Name of the Key Management Personnel of the Company :-

Mr. A. K. Toshniwal - Managing Director

Mr. M. L. Daga - Company Secretary

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

Mr. Rajiv Gupta - Chief Financial Officer (From 01/06/2016)

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
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	
	2016 – 2017 ₹	2015 – 2016 ₹	2016 – 2017 ₹	2015 – 2016 ₹	2016 – 2017 ₹	2015 – 2016 ₹
Rent & Electricity Paid	104,031	103,163	–	–	–	–
Loans Given (Unsecured)	–	–	–	40,000,000	–	–
Loans Recovered	–	–	–	40,000,000	–	–
Interest on Loans Given	–	–	–	4,734,247	–	–
Dividend Received	–	–	–	826,732	–	–
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	–	–	–	–	2,236,200	2,066,858
Mr. M. L. Daga - Company Secretary	–	–	–	–	1,615,500	1,446,500
Mr. Keshav Binani - Chief Financial Officer (From 01/06/2015 to 31/10/2015)	–	–	–	–	–	193,124
Mr. Rajiv Gupta - Chief Financial Officer (From 01/06/2016)	–	–	–	–	735,105	–

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE -27 (Contd.)

27.07 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

	2016-2017 ₹	2015-2016 ₹
Revenue External (Net Sales and other incomes)		
Bulk Drugs	124,130,979	87,576,902
Chemicals	89,317,367	93,303,128
Others	13,193,601	16,487,665
Total	226,641,947	197,367,695
Profit / (Loss) before Tax		
Bulk Drugs	29,900,924	28,730,476
Chemicals	8,790,676	7,911,802
Others	6,644,441	9,012,103
Total	45,336,041	45,654,381
Depreciation and Amortisation		
Bulk Drugs	7,675,650	7,336,500
Chemicals	957,670	954,699
Others	238,676	339,419
Total	8,871,996	8,630,618

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE -27 (Contd.)

	2016 – 2017	2015 – 2016
	₹	₹
Capital Expenditure		
Bulk Drugs	3,955,490	7,744,178
Chemicals	–	194,446
Others	–	1,078,264
Total	3,955,490	9,016,888

Assets		
Bulk Drugs	221,024,649	197,389,641
Chemicals	54,122,551	56,024,577
Others	223,499,214	205,120,716
Total	498,646,414	458,534,934

Liabilities *		
Bulk Drugs	31,484,798	31,899,192
Chemicals	12,607,813	12,964,796
Others	41,172,796	16,667,764
Total	85,265,407	61,531,752

* Excluding Shareholders' Funds

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

Within India	82,233,082	71,399,856
Outside India	131,215,264	109,480,174
Total	213,448,346	180,880,030

Segment Assets by Geographical Locations

Within India	275,147,200	253,078,893
Outside India	–	335,325
Total	275,147,200	253,414,218

Segment Capital Expenditure

Within India	3,955,490	7,938,624
Outside India	–	–
Total	3,955,490	7,938,624

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE -27 (Contd.)

						2016-2017 ₹	2015-2016 ₹
27.08	Expenditure in foreign currency:						
	Bank Commission					186,398	135,625
	Travelling Expenses					513,526	453,309
						<u>699,924</u>	<u>588,934</u>
27.09	Value of imported and indigenous raw materials and spare parts and components consumed :						
		Raw Materials		Spare Parts and Components			
		2016 – 2017		2015 – 2016		2016 – 2017	
		₹	%	₹	%	₹	%
	Imported	–	–	4,381,514	3.73	–	–
	Indigenous	82,089,771	100	113,099,169	96.27	3,065,097	100
		82,089,771	100	117,480,683	100.00	3,065,097	100
						2016-2017 ₹	2015-2016 ₹
27.10	C. I. F. Value of Imports :						
	Raw Materials					–	3,469,500
27.11	Earnings in foreign exchange:						
	Export of goods (calculated on F. O. B. basis)					128,577,979	105,043,442
27.12	Total consumption of Stores and Spares Parts (including other heads of accounts)					4,376,092	3,879,729
27.13	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, 2017	A.K.Basak Partner Membership Number-10240 For and on behalf of Dutta, Ghosh & Associates Chartered Accountants Firm Registration No. 309088E	R. Gupta Chief Financial Officer	M. L. Daga Company Secretary	A. K. Kothari Chairman	On behalf of the Board A. K. Toshniwal Mg. Director
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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 31st March, 2017, 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 Accountants 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 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

INDEPENDENT AUDITORS' REPORT– (Contd.)

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 31st March, 2017, 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 profit of ₹ 1,78,50,780/- (Rupees one crore seventy eight lakh fifty thousand seven hundred eighty only) for the year ended 31st March, 2017. 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, 2017

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, 2017

	Note	As at 31st March, 2017		As at 31st March, 2016	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
(1) Shareholders' Fund					
(a) Share Capital	2	38,831,750		38,831,750	
(b) Reserves and Surplus	3	824,275,099		790,046,499	
			863,106,849		828,878,249
(2) Non - Current Liabilities					
(a) Deferred Tax Liabilities (Net)	4	2,300,043		2,148,104	
(b) Long Term Provisions	5	2,146,988		1,890,364	
			4,447,031		4,038,468
(3) Current Liabilities					
(a) Short Term Borrowings	6	30,000,000		24,674,163	
(b) Trade Payables	7	12,081,760		15,797,195	
(c) Other Current Liabilities	8	24,715,521		5,337,680	
(d) Short Term Provisions	9	14,021,095		11,684,246	
			80,818,376		57,493,284
TOTAL			948,372,256		890,410,001
II. ASSETS					
(1) Non - Current Assets					
(a) Fixed Assets	10				
(i) Tangible Assets		58,900,672		62,874,129	
(ii) Capital Work-in-progress		36,862,045		37,821,263	
(b) Non - Current Investments	11	563,456,121		547,305,936	
(c) Long Term Loans and Advances	12	3,676,044		4,937,047	
			662,894,882		652,938,375
(2) Current Assets					
(a) Inventories	13	97,717,206		101,145,492	
(b) Trade Receivables	14	15,820,675		12,467,951	
(c) Cash and Cash Equivalents	15	56,688,167		64,794,427	
(d) Short Term Loans and Advances	16	112,470,033		58,529,247	
(e) Other Current Assets	17	2,781,293		534,509	
			285,477,374		237,471,626
TOTAL			948,372,256		890,410,001
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

Kolkata,
30th May, 2017

Chartered Accountants
Firm Registration No. 309088E

R. Gupta
Chief Financial Officer

M. L. Daga
Company Secretary

A. K. Kothari
Chairman

A. K. Toshniwal
Mg. Director

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2017

INCOME :	Note	2016 – 2017	2015 – 2016
		₹	₹
Revenue from Operations	18	213,448,346	180,880,030
Other Income	19	13,193,601	16,487,665
Total Revenue		<u>226,641,947</u>	<u>197,367,695</u>
EXPENDITURE :			
Cost of Materials Consumed		82,089,771	117,480,683
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20	23,944,405	(47,495,493)
Employee Benefits Expense	21	29,167,140	29,077,385
Finance Costs	22	1,199,298	2,068,477
Depreciation and Amortisation Expense	23	8,871,996	8,630,618
Other Expenses	24	36,033,296	41,951,644
Total Expenses		<u>181,305,906</u>	<u>151,713,314</u>
PROFIT BEFORE TAXATION		45,336,041	45,654,381
Provision For Tax :			
Current Tax		(14,500,000)	(9,200,000)
Deferred Tax (Net)		(151,939)	50,520
Taxation adjustments of earlier years (Net)		(285,182)	–
PROFIT AFTER TAX BEFORE SHARE OF PROFIT / ASSOCIATE		<u>30,398,920</u>	<u>36,504,901</u>
Add : Share in Profit / (Loss) of Associate		17,850,780	(58,441,198)
PROFIT FOR THE YEAR		<u>48,249,700</u>	<u>(21,936,297)</u>
Earning per Ordinary Share of Rs. 10/- each			
Basic and Diluted	25	12.43	(5.65)
Significant Accounting Policies	1		

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

A.K.Basak
Partner
Membership Number-10240
For and on behalf of
Dutta, Ghosh & Associates
Chartered Accountants

Kolkata,
30th May, 2017

Firm Registration No. 309088E

R. Gupta
Chief Financial Officer

M. L. Daga
Company Secretary

A. K. Kothari
Chairman

A. K. Toshniwal
Mg. Director

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

On behalf of the Board

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

	2016 – 2017		2015 – 2016	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities :				
Profit before Tax and Extraordinary/ Non-recurring items		45,336,041		45,654,381
Adjustments for :				
Depreciation and Amortisation	8,871,996		8,630,618	
Profit on Sale/Discard of Fixed Assets (Net)	(130,331)		—	
Income from Investments (Dividend)	(155,675)		(992,132)	
Profit on Sale of Investments	(1,632,578)		(3,945,481)	
Irrecoverable Bad & Sundry Receivables written off	—		728,223	
Interest (Net)	(8,634,747)		(8,396,323)	
Liabilities & provisions no longer required written back	(1,386,418)	(3,067,753)	(951,951)	(4,927,046)
Operating Profit before Working Capital Changes		42,268,288		40,727,335
Adjustments for :				
Trade and Other Receivables	1,254,449		2,928,765	
Inventories	3,428,286		(37,954,996)	
Trade Payables	16,603,941	21,286,676	5,739,716	(29,286,515)
Cash Generated from Operations		63,554,964		11,440,820
Direct Taxes - (Payments)/Refunds	(11,721,701)	(11,721,701)	(14,034,394)	(14,034,394)
Net Cash (used in)/ From Operating Activities		51,833,263		(2,593,574)
B. Cash Flow From Investing Activities :				
Purchase of Fixed Assets	(3,955,490)		(9,016,888)	
Proceeds from Sale of Fixed Assets	146,500		—	
Dividend Received	155,675		992,132	
Purchase of Investments	(2,570,560)		(18,674,323)	
(Increase) / Decrease in Loans Given	(60,000,000)		(35,000,000)	
Proceeds from Sale of Investments	5,903,728		22,647,700	
Interest Received	7,236,824		10,840,174	
Net Cash (Used in) / From Investing Activities		(53,083,323)		(28,211,205)

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

	2016 – 2017		2015 – 2016	
	₹	₹	₹	₹
C. Cash Flow from Financing Activities				
Net Increase/(Decrease) in Short Term Borrowings from Banks	(14,653,686)		1,898,082	
Net Increase/(Decrease) in Short Term Borrowings from Others	19,979,523		—	
Interest Paid	(524,668)		(2,068,477)	
Dividends Paid	(9,681,061)		(9,677,994)	
Dividend Tax Paid	(1,976,308)		(1,976,308)	
Net Cash (Used in) / From Financing Activities	(6,856,200)			(11,824,697)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)		(8,106,260)		(42,629,476)
Opening Cash and Cash Equivalents	64,794,427		107,423,903	
Closing Cash and Cash Equivalents	56,688,167	(8,106,260)	64,794,427	(42,629,476)
Cash and Cash Equivalents Comprise :				
Cash in Hand and Balances with Banks		56,688,167		64,794,427
(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.

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, 2017	R. Gupta Chief Financial Officer	M. L. Daga Company Secretary	A. K. Kothari Chairman
			A. K. Toshniwal Mg. Director

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE - 1
SIGNIFICANT ACCOUNTING POLICIES :
1.1 General Information :

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

Name of Associate
Percentage of holding by the Company

Gillanders Arbuthnot and Company Limited, India

25.78 %

Share of Profit in Associates for the year ended 31st March, 2017 ₹ 17,850,780/-

- 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, 2017

NOTE - 2	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
SHARE CAPITAL :		
AUTHORISED :		
300,000 Preference Shares of ₹ 100/- each.	30,000,000	30,000,000
17,000,000 Ordinary Shares of ₹ 10/- each.	170,000,000	170,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP :		
3,883,175 (2016 - 3,883,175) Ordinary Shares of ₹ 10/- each fully paid-up.	38,831,750	38,831,750
	<u>38,831,750</u>	<u>38,831,750</u>

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 2017, the amount of dividend per share recognised as distributions to Ordinary shareholders was ₹ 3/- (2016 ₹ 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.

Name	As at 31st March 2017		As at 31st March 2016	
	% held	No. of Shares	% held	No. of Shares
Commercial House Private Limited	19.45%	755,414	19.45%	755,414
Kothari & Company Private Limited	15.32%	594,960	15.32%	594,960
M. D. Kothari & Company Limited	14.85%	576,525	14.85%	576,525
Kothari Investment & Industries Private Limited	14.18%	550,720	14.18%	550,720
Vishnuhari Investments & Properties Limited	6.22%	241,568	6.22%	241,568

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

	As at 31st March, 2017	As at 31st March, 2016
Ordinary Shares at the beginning of the year	3,883,175	3,883,175
Ordinary Shares at the end of the year	<u>3,883,175</u>	<u>3,883,175</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 3	As at 31st March, 2017		As at 31st March, 2016	
	₹	₹	₹	₹
RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet		9,193,040		9,193,040
Securities Premium Account				
As per Last Balance Sheet		1,450,657		1,450,657
General Reserve				
As per last Balance Sheet	338,735,809		313,735,809	
Add : Transferred from statement of Profit and Loss	20,000,000		25,000,000	
		358,735,809		338,735,809
Retained Earnings in Associates		431,875,062		490,316,265
Surplus in the Statement of Profit and Loss				
As per last Balance Sheet	8,791,926		8,971,271	
Add : Profit for the year	30,398,920		36,504,901	
	39,190,846		45,476,172	
Less : Appropriations :				
Transferred to General Reserve	20,000,000		25,000,000	
Proposed Dividend on Equity Shares	11,649,525		9,707,938	
[Dividend per Share ₹ 3/- (2016 ₹ 2.50)]				
Tax on Proposed Dividend	2,371,570		1,976,308	
		5,169,751		8,791,926
Share of Profit / (Loss) of Associate		17,850,780		(58,441,198)
		824,275,099		790,046,499

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 4	₹	As at 31st March, 2017 ₹	₹	As at 31st March, 2016 ₹
DEFERRED TAX LIABILITIES (NET)				
Liabilities				
– Difference between net book value of depreciable fixed assets as per books vis - a - vis written down value as per Income Tax Act.		4,660,671		4,524,688
Less : Assets				
– Accrued expenses deductible on payment basis / Employee Benefits	872,793		845,773	
– Provision for Diminution in the Value of Investments	1,487,835		1,487,835	
– Provision for Doubtful Receivables	–		42,976	
		2,360,628		2,376,584
		2,300,043		2,148,104

NOTE - 5
LONG TERM PROVISIONS

Provision for Employee Benefits				
– Gratuity		217,076		170,028
– Leave Encashment Benefit		1,929,912		1,720,336
		<u>2,146,988</u>		<u>1,890,364</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE - 6		
SHORT TERM BORROWINGS		
Secured		
PHYTOCHEMICALS DIVISION		
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.	–	657,780
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 is backed by firm Export Orders.	10,000,000	23,995,906
Unsecured		
Loans Repayable on Demand		
- From a Director	20,000,000	–
State Government of Tamil Nadu - Sales Tax Deferral Scheme	–	20,477
	<u>30,000,000</u>	<u>24,674,163</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
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NOTE - 7
TRADE PAYABLES

For Goods	12,081,760	15,797,195
	<u>12,081,760</u>	<u>15,797,195</u>

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

NOTE - 8
OTHER CURRENT LIABILITIES

Interest accrued but not due on borrowings	674,630	—
Advances from Customers	17,371,760	—
Unpaid Dividend (To be credited to Investor Education & Protection Fund as and when become due)	198,649	171,772
Unpaid Fractional amount of shares	234,811	234,811
Other Payables*	6,235,671	4,931,097
	<u>24,715,521</u>	<u>5,337,680</u>

*Includes Statutory Liabilities ₹ 934,973/- (2016 ₹ 637,863/-), Salary, Wages and Bonus ₹ 1,119,839/- (2016 ₹ 1,426,493/-) and Commission Payable ₹ 610,503/- (2016 ₹ 537,303/-)

NOTE - 9
SHORT TERM PROVISIONS

Proposed Dividend	11,649,525	9,707,938
Tax on Proposed Dividend	2,371,570	1,976,308
	<u>14,021,095</u>	<u>11,684,246</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE - 10
FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Balance as at 31st March, 2016	Additions	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2016	Depreciation/ Amortisation for the year	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Leasehold Land	1,262,400	-	-	1,262,400	306,050	12,752	-	318,802	943,598	956,350
Freehold Land	2,074,532	-	-	2,074,532	-	-	-	-	2,074,532	2,074,532
Buildings	37,915,717	-	-	37,915,717	18,511,433	883,670	-	19,395,103	18,520,614	19,404,284
Plant and Equipment	142,884,422	4,421,003	12,172,438	135,132,987	105,790,275	7,279,026	12,170,938	100,898,363	34,234,624	37,094,147
Electric Installation	6,419,262	-	-	6,419,262	5,866,110	45,927	-	5,912,037	507,225	553,152
Computers	1,171,697	47,550	102,009	1,117,238	1,087,776	41,255	96,909	1,032,122	85,116	83,921
Office Equipment	1,682,544	131,292	35,453	1,778,383	1,342,443	122,784	25,884	1,439,343	339,040	340,101
Furniture and Fixtures	588,006	-	-	588,006	477,694	12,084	-	489,778	98,228	110,312
Motor Vehicles	3,680,113	-	-	3,680,113	1,422,783	467,655	-	1,890,438	1,789,675	2,257,330
Tubewell and Water	-	314,863	-	314,863	-	6,843	-	6,843	308,020	-
Total :	197,678,693	4,914,708	12,309,900	190,283,501	134,804,564	8,871,996	12,293,731	131,382,829	58,900,672	62,874,129
Capital Work in Progress	37,821,263	544,291	1,503,509	36,862,045	-	-	-	-	36,862,045	37,821,263
2016	193,733,634	3,945,059	-	197,678,693	126,173,946	8,630,618	-	134,804,564	62,874,129	-

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017	As at 31st March, 2016
	₹	₹
NOTE -11		
NON - CURRENT INVESTMENTS		
Other than Trade Investments		
i) Equity Shares		
(A) Quoted :-		
(a) Associates : Gillanders Arbuthnot & Company Limited	51,748,615	51,748,615
Add : Share of Accumulated Reserves / Profits	431,875,062	490,316,265
Add : Share of Current Profits / (Loss)	17,850,780	(58,441,198)
	501,474,457	483,623,682
(b) Other than Associates	12,877,993	16,578,583
	514,352,450	500,202,265
(B) Unquoted :-	37,010,298	35,010,298
Less : Provision for diminution in the value of Investments	4,500,000	4,500,000
	32,510,298	30,510,298
ii) Mutual Funds	16,593,373	16,593,373
	563,456,121	547,305,936

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
NOTE -12		
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good unless stated otherwise)		
Security Deposits	2,789,417	2,625,420
Capital Advances	871,627	2,296,627
Other Loans and Advances	67,521	67,521
	<u>3,728,565</u>	<u>4,989,568</u>
Less: Provision for Doubtful Advances	52,521	52,521
	<u>3,676,044</u>	<u>4,937,047</u>

NOTE -13
INVENTORIES

Raw Materials	36,849,736	16,372,339
Materials - in - Process	45,456,363	77,615,595
Finished Goods	10,487,806	2,272,979
Stores and Spare Parts	4,923,301	4,884,579
	<u>97,717,206</u>	<u>101,145,492</u>

NOTE -14
TRADE RECEIVABLES

(Unsecured, Considered good unless states otherwise)

Debts over six months		
Considered Good	45,553	9,794
Considered Doubtful	-	129,982
	<u>45,553</u>	<u>139,776</u>
Less : Provision for Doubtful Trade Receivable	-	129,982
	<u>45,553</u>	<u>9,794</u>
Other Debts	15,775,122	12,458,157
	<u>15,820,675</u>	<u>12,467,951</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
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NOTE -15
CASH AND CASH EQUIVALENTS

Balances with Banks #	7,908,131	50,360,936
Cash in Hand	26,636	18,247
Fixed deposits with banks	<u>48,753,400</u>	<u>14,415,244</u>
	<u>56,688,167</u>	<u>64,794,427</u>

Balance with Banks includes Unpaid Dividend of ₹ 198,649/- (2016 ₹ 171,772/-) and Unpaid Fractional amount of shares ₹ 234,811/- (2016 ₹ 234,811/-)

NOTE -16
SHORT TERM LOANS AND ADVANCES

Loan to Bodies Corporates	95,000,000	35,000,000
Advances to Suppliers	350,448	314,254
Balance with Customs, Central Excise Authorities	7,158,104	10,118,030
Other Loans and Advances	1,132,444	1,204,445
Advance payment of Tax (Net of Provision)		
(Inclusive of Tax Deducted at Source)	<u>8,829,037</u>	<u>11,892,518</u>
	<u>112,470,033</u>	<u>58,529,247</u>

NOTE -17
OTHER CURRENT ASSETS

Interest accrued on Loans and Deposits	2,687,179	89,958
Export Incentive Receivable	<u>94,114</u>	<u>444,551</u>
	<u>2,781,293</u>	<u>534,509</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 18	2016 - 2017		2015 - 2016	
	₹	₹	₹	₹
REVENUE FROM OPERATIONS				
SALE OF PRODUCTS				
Calcium Sennoside	4,477,609		939,646	
Brucine Sulphate	840,497		5,490,952	
Strychnine Sulphate	90,474,979		66,766,784	
Tolbutamide	21,451,823		10,108,142	
Chlorpropamide	2,403,343		405,068	
Metformin HCL	2,903,753		2,732,447	
Formaldehyde	10,314,115		10,775,855	
Hexamine	262,578		417,575	
Paraformaldehyde	12,467,578		22,395,547	
Phenolic Resin	75,112,489		67,278,695	
		220,708,764		187,310,711
OTHER OPERATING REVENUE				
Export Incentives	1,893,212		1,460,527	
Claims	—		5,696	
Sale of Scrap	—		73,986	
Miscellaneous Receipts	30,130		37,300	
		1,923,342		1,577,509
		222,632,106		188,888,220
LESS : EXCISE DUTY		9,183,760		8,008,190
		213,448,346		180,880,030

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 19	2016 - 2017		2015 - 2016	
	₹	₹	₹	₹
OTHER INCOME				
Interest				
Interest on Advances, Deposits and Others - Gross		9,834,045		10,464,800
Dividend				
From Long Term Investments - Other than Trade		155,675		992,132
Net gain on Sale of Investments				
Profit on Sale of Investments - Other than Trade		1,632,578		3,945,481
Other Non - Operating Income				
Exchange Rate Fluctuation (Net)	37,677		71,459	
Liabilities / Provision no longer required, written back	1,256,436		394,308	
Provision for Doubtful Receivables Written Back	129,982		557,643	
Profit on Sales of Fixed Assets	146,500		—	
Miscellaneous Income	708		61,842	
		1,571,303		1,085,252
		13,193,601		16,487,665

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

	₹	2016 - 2017 ₹	₹	2015 - 2016 ₹
NOTE - 20				
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK - IN - TRADE				
Finished Goods				
Opening Inventories		2,272,979		1,133,826
Closing Inventories		<u>10,487,806</u>		<u>2,272,979</u>
Net (Increase) / Decrease		(8,214,827)		(1,139,153)
Materials - in - Process				
Opening Inventories		77,615,595		31,259,255
Closing Inventories		<u>45,456,363</u>		<u>77,615,595</u>
Net (Increase) / Decrease		32,159,232		(46,356,340)
		<u>23,944,405</u>		<u>(47,495,493)</u>
NOTE -21				
EMPLOYEE BENEFITS EXPENSE				
Salaries, Wages and Bonus		25,963,401		25,721,067
Contribution to Provident and Other Funds		1,828,290		1,817,751
Workmen and Staff Welfare Expenses		<u>1,375,449</u>		<u>1,538,567</u>
		<u>29,167,140</u>		<u>29,077,385</u>
NOTE -22				
FINANCE COSTS				
Interest Expenses		<u>1,199,298</u>		<u>2,068,477</u>
		<u>1,199,298</u>		<u>2,068,477</u>
NOTE -23				
DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation (Refer Note 10)		8,859,244		8,617,866
Amortisation		<u>12,752</u>		<u>12,752</u>
		<u>8,871,996</u>		<u>8,630,618</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE -24		2016 – 2017		2015 – 2016
	₹	₹	₹	₹
OTHER EXPENSES				
Manufacturing Expenses				
Consumption of stores and spare parts	3,065,097		2,322,452	
Power and Fuel	9,411,160		15,416,018	
Repairs to Buildings	968,260		148,749	
Repairs to Machinery	2,748,892		2,805,229	
Repairs to Other Assets	465,710		551,577	
		16,659,119		21,244,025
Selling and Distribution Expenses				
Freight, Shipping, Delivering and Selling Expenses	5,153,475		5,533,344	
Selling Agents' Commission (Other than Sole Selling Agents)	73,200		132,057	
Sales Promotion Expenses	73,065		35,011	
		5,299,740		5,700,412
Establishment Expenses				
Rent	591,035		579,137	
Rates and Taxes	723,696		795,586	
Bank Charges	388,524		327,801	
Travelling and Conveyance Expenses	2,890,147		3,449,623	
Postage and Telephone	656,865		651,982	
Printing and Stationery	360,094		307,810	
Subscription	119,644		124,258	
Insurance	1,007,166		1,029,311	
Motor Vehicle Expense	521,445		543,455	
Directors' Sitting Fees	88,000		134,000	
Directors' Commission	300,000		300,000	
Managing Directors Remuneration	2,236,200		2,066,858	

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE -24 (Contd.)

		2016 – 2017	2015 – 2016
	₹	₹	₹
Legal and Professional Fee	1,109,251	1,131,468	
Internal Audit Fees	69,000	68,700	
Obsolete and Discarded Assets Written Off	16,169	—	
Bad and Sundry Receivables Written Off	—	728,223	
Donation	—	500,000	
Miscellaneous Expenses	2,532,623	1,806,926	
		13,609,859	14,545,138
Payment to Auditors			
Auditor	210,000	210,000	
For Other Services	145,800	127,080	
For Reimbursement of Expenses	56,846	75,452	
For Service Tax	51,932	49,537	
		464,578	462,069
		36,033,296	41,951,644

NOTE -25
EARNING PER ORDINARY SHARE
BASIC AND DILUTED

Number of Ordinary Shares at the beginning of the year		3,883,175	3,883,175
Number of Ordinary Shares at the end of the year		3,883,175	3,883,175
Weighted average number of Ordinary Shares outstanding during the year	A	3,883,175	3,883,175
Nominal value of each Ordinary Share (₹)		10	10
Profit after Tax (₹)	B	48,249,700	(21,936,297)
Earning Per Share (Basic and Diluted) (₹)	(B / A)	12.43	(5.65)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017
NOTE -26

2016 – 2017	2015 – 2016
₹	₹

26.01	Contingent Liabilities / Disputed Liabilities : (To the extent not provided for)		
	Claims against the Company not acknowledged as debts :-		
i)	Sales Tax under dispute	322,570	322,570
ii)	Demand in respect of earlier years made by Provident Fund Commissioner under appeal	98,317	98,317
iii)	Outstanding Bank Guarantees & Letter of credit	–	1,000,000
iv)	Share of Contingent Liabilities of Associate	67,406,967	50,505,598
26.02	Commitments :		
i)	Estimated amount of Contracts to be executed on Capital Account and not provided for:- [Net of Advance ₹ 2,75,000/- (2016 ₹ 1,700,000/-)]	3,742,200	3,360,000
ii)	Share of Commitments in Associate	6,443,196	6,152,397

Signature to Note '1' to '26'

Kolkata, 30th May, 2017	A.K.Basak Partner Membership Number-10240 For and on behalf of Dutta, Ghosh & Associates Chartered Accountants	On behalf of the Board			
	Firm Registration No. 309088E	R. Gupta Chief Financial Officer	M. L. Daga Company Secretary	A. K. Kothari Chairman	A. K. Toshniwal Mg. Director

