



## FORM A

*Format of covering letter of the annual audit report to be filed with the stock exchanges*

1.	Name of the Company	MEGHMANI ORGANICS LIMITED
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	To be signed by – <ul style="list-style-type: none"><li>• CEO/ Managing Director</li><li>• CFO</li><li>• Auditor of the Company</li><li>• Audit Committee Chairman</li></ul>	<p>Shri J M Patel – Executive Chairman Shri A N Soparkar – Managing Director &amp; CEO Shri N M Patel – Managing Director</p> <p>Shri Dinesh Shah</p> <p>For Khandwala &amp; Khandwala Chartered Accountants, M M Khandwala Partner Membership no. 32472 FRN No. 107647W</p> <p>Shri Balkrishna Thakkar Audit Committee Chairman</p>

**For Meghmani Organics Limited**

(N. M. Patel)  
Managing Director

**For Meghmani Organics Limited**

(Balkrishna Thakkar)  
Chairman of Audit Committee)

**For Meghmani Organics Limited**

(Dinesh Shah)  
CFO

**For Khandwala & Khandwala  
Chartered Accountants,**

(M M Khandwala)  
Partner

*Chemistry of success at work*

# ANNUAL REPORT

2014-2015



**MEGHMANI  
ORGANICS LIMITED**



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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Jayanti M Patel  
Ashish N Soparkar  
Natwarlal M Patel  
Ramesh M Patel  
Anand I Patel  
Balkrishna T Thakkar  
Chinubhai R Shah  
Jayaraman Vishwanathan  
Kantibhai H Patel  
Chander Kumar Sabharwal  
Ms. Urvashi Shah (Appointed on 27.03.2015)

### **AUDIT COMMITTEE**

Balkrishna T Thakkar  
Chinubhai R Shah  
Jayaraman Vishwanathan

### **NOMINATION COMMITTEE**

Chinubhai R Shah  
Balkrishna T Thakkar  
Jayanti M Patel  
Kantibhai H Patel

### **REMUNERATION COMMITTEE**

Chinubhai R Shah  
Balkrishna T Thakkar  
Natwarlal M Patel  
Kantibhai H Patel

### **THE SHAREHOLDERS' / INVESTORS' GRIEVANCE, SHARE ALLOTMENT AND SHARE TRANSFER AND STAKE HOLDERS RELATIONSHIP COMMITTEE**

Chinubhai R Shah  
Balkrishna T Thakkar  
Ashish N Soparkar

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Chinubhai R Shah  
Balkrishna T Thakkar  
Ashish N Soparkar  
Jayanti M Patel  
Natwarlal M Patel

### **COMPANY SECRETARY**

Kamlesh Dinkerray Mehta

### **REGISTRAR & SHARE TRANSFER AGENT - INDIA**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
LBS Road, Bhandup (West),  
Mumbai 400 078, India.  
Tel: +91 22 2596 0320  
Fax: +91 22 2596 0329

### CORPORATE INFORMATION

<b>INVESTOR SERVICES E - MAIL ID</b>	helpdesk@meghmani.com
<b>SINGAPORE DEPOSITORY SHARES ("SDSs") REGISTRAR AND SDSs OFFICE</b>	Tricor Barbinder Share Registration Services 80, Robinson Road, #02-00, Singapore 068898 Telephone No. (65) 6236 3552 Fax No. (65) 6236 3405 E-mail : helpdesk@meghmani.com
<b>SINGAPORE SECRETARIAL AGENT</b>	Tricor Evatthouse Corporate Services 80, Robinson Road, #02-00, Singapore 068898 Telephone No. (65) 6236 3510 Fax No. (65) 6236 4399 E-mail : helpdesk@meghmani.com
<b>REGISTERED OFFICE</b>	Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445 Telephone No. 91-79-25831210 Fax No. 91-79-25833403 E-mail : helpdesk@meghmani.com
<b>CORPORATE OFFICE</b>	Meghmani House, Shreenivas Society, Off. Vikas Gruh Road Paldi, Ahmedabad-380 007 Telephone No. 91-79-26640 668/669 Fax No. 91-79-26640670 E-mail : helpdesk@meghmani.com
<b>MUMBAI OFFICE PRESENT OFFICE :-</b>	A1& B1, Ground Floor, Kalamandir Co.Op.Housing Society, Chitrakar Ketakar Marg, Near Sathye College, Ville Parle [East], Mumbai – 4000 057 Telephone No. 91 22 2612 2640
<b>PERMANENT OFFICE :- (BUILDING UNDER RECONSTRUCTION)</b>	Flat No. 22/23, Vellard View Co.op. Housing Society, Tardeo Road, Mumbai

## **CORPORATE INFORMATION**

### **PLANT LOCATION**

- |                                  |  |
|----------------------------------|--|
| <b>1. Pigment Green Division</b> | Plot No. 184, Phase II,<br>G.I.D.C. Vatva,<br>Ahmedabad -382 445<br>Telephone No. 91-79-25831210<br>Fax No. 91-79-25833403<br>E-mail : helpdesk@meghmani.com                               |
| <b>2. Pigment Blue Division</b>  | Plot No. 21,21/1,<br>G.I.D.C. Panoli,<br>District :- Bharuch<br>Telephone No. 91-2646-276352<br>Fax No. 91-2646-276374<br>E-mail : helpdesk@meghmani.com                                   |
| <b>3. Pigment Blue Division</b>  | Plot No. Z-31, Z-32,<br>Dahej SEZ Limited, - Dahej<br>Taluka :- Vagra, District :- Bharuch<br>Telephone No. 91-2646-276352<br>Fax No. 91-2646-276374<br>E-mail : helpdesk@meghmani.com     |
| <b>4. Agro Division – I</b>      | Plot No. 402,403,404 & 452,<br>Village :- Chharodi,<br>Taluka :- Sanand, District :- Ahmedabad<br>Telephone No. 91-2717-273251<br>Fax No. 91-2717-273254<br>E-mail : helpdesk@meghmani.com |
| <b>5. Agro Division – II</b>     | 5001/B,<br>G.I.D.C. Ankleshwar,<br>District :- Bharuch<br>Telephone No. 91-2646-222971<br>Fax No. 91-2646-222965<br>E-mail : helpdesk@meghmani.com   |
| <b>6. Agro Division – III</b>    | Plot No - Ch-1+2/A<br>GIDC Dahej, Taluka – Vagra<br>District – Bharuch -392130<br>Telephone No. 91-2641-256677 /88<br>E-mail : helpdesk@meghmani.com                                       |
| <b>7. Agro Division – IV</b>     | Plot No. 22/2,<br>G.I.D.C. Panoli,<br>District :- Bharuch<br>Telephone No. 91-2646- 276577<br>E-mail : helpdesk@meghmani.com   |

**CORPORATE INFORMATION****PRINCIPAL BANKERS**

State Bank of India,  
CAG Branch,  
58, Shreemali Society,  
Navrangpura,  
Ahmedabad 380 009

HDFC Bank Limited  
Mithakhali,  
Ahmedabad 380 009

ICICI Bank Limited  
JMC House, Opp. Parimal Garden,  
Ambawadi,  
Ahmedabad 380 009

Standard Chartered Bank,  
Ground Floor, Abhijeet II,  
Mithakhali Six Roads,  
Ahmedabad – 380 006

Yes Bank Limited,  
G-1, 101, C G Centre  
C G Road,  
Ahmedabad – 380 015

**AUDITOR**

M/s Khandwala & Khandwala  
2nd Floor, "HRISHIKESH",  
Vasantbaug Society,  
Opposite Water Tank,  
Gulbai Tekra,,  
AHMEDABAD – 380006

**JOINT -AUDITOR**

KPMG  
Safal Profitaire, B4,  
Third Floor, Corporate Road,  
Opp. Auda Garden,  
Prahladnagar,  
Ahmedabad – 380 015

★ ★ ★

## **CHAIRMAN'S STATEMENT**

### **Dear Shareholders,**

Financial year 2015 was a year of positive progress for Group with strong revenue growth across all three businesses i.e. Pigments, Agrochemicals and Basic Chemicals. The Company continued to build on its strong position as a leading diversified Indian chemical company, exporting to 75 countries and servicing 400+marquee clients. Going forward, the investment of ₹ 5.57 bn for capacity expansion undertaken over the past five years is set to fuel further growth with current capacity enough to support revenue growth up to ₹ 20 bn.

The expansion is well timed given the recent thrust the sector is receiving through the government's ambitious 'Make in India' project. Under this project, the Indian government plans to increase the share of manufacturing in GDP from 16% to 25% by 2022. The time is right for the Indian chemical industry, accounting for 7% of the country's GDP and 11% of the industrial activity, to realise its far-reaching potential.

The country is expected to grow at 7.5% to 8% over the next three years; the chemical industry typically grows one and half to two times of the GDP growth. India offers huge production and consumption market for chemical companies and has the potential to emerge as a leading global chemical hub.

### **Financial Results:-**

The Group reported net sales of ₹ 12,678 mn in FY15, up 9.6% from ₹ 11,569 mn in FY14. The growth was aided by performance in all business segments, especially Basic Chemicals which grew at 24.4% YoY. The Group has strategically focused on high value added products and reduced exposure to lower margin segments such as trading. In terms of geography, our domestic business grew at a much higher rate of 21.7% as compared with a mere 2.0% growth in exports business.

Overall, net profit saw significant expansion increasing by 92.5% to reach ₹ 439 mn from ₹ 228 mn in FY14. Our focus on debt reduction stays strong - we repaid ₹ 1,108 mn of debt reducing our debt to equity ratio to 1.2x compared to 1.5x in FY14.

The interim dividend @ 0.40 paise per share on 254,314,211 Equity Shares of ₹. 1/- each fully paid up for the Financial year 2014-2015 was declared and paid. It is considered financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company and therefore no final dividend has been recommended for the year ended March 31, 2015. The interim dividend be considered as Final Dividend.

### **Financial Review:-**

In FY15, Basic Chemicals increased 24.4% from ₹ 2,829 mn to ₹ 3,518 mn benefitting from increased capacities. The segment is our highest margin business owing to the strategic location as well as the captive power plant.

The Agrochemical segment saw robust growth of 10.2% in net sales from ₹ 3,974 mn to ₹ 4,380 mn. The increase was driven both by volume as well as realization growth. Domestic revenues accelerated growth, increasing by 26%, driven by our initiatives to enhance presence in the fast growing Indian branded formulation business of agro chemical.

The Pigment segment grew 7.5% in net sales from ₹ 3,949 mn to ₹ 4,244 mn. Major contribution came from the pigment SEZ unit being first year of operation on a reasonable scale, as well as rationalized product mix with the commissioning of the new facility.

### **Industry Outlook:-**

The global pigments market is expected to grow at a CAGR of 4.5% (2013-2018) to reach \$14.7 bn in terms in 2018. The volume estimated is 4.4 mn tons by 2018. The paints & coatings industry accounting for ~39% of the overall end user market is expected to drive future demand due to growth in end user industries.

The Asia Pacific pigments market, growing at 5.6% FY13-18 CAGR, is expected to reach market size of over \$6.4 bn by 2018. India and China are driving this growth owing to increased economic activity and spending capacity of consumers. Also, low manufacturing costs make India and China preferred sources of supply of colorants to the global market. Meghmani, at present, derives ~80% pigments business from exports and count leading multinationals as our repeat customers.

Global Agrochemical market is expected to grow with a CAGR of 3.6%. Asia-Pacific leads the market for agrochemicals followed by Latin America, North America and Europe. India is the 4th largest producer of pesticides after USA, Japan and China. There are immense opportunities for Indian companies in agrochemicals exports and contract manufacturing & research owing to the competitive manufacturing cost and availability of technically skilled manpower.



**CHAIRMAN'S STATEMENT**

India is an attractive market for agrochemicals - with increasing urbanization, reduction in arable land, decreasing farm size and low per hectare yield as compared to global average, agrochemicals play a crucial role in maintaining food security for the burgeoning population. The Indian crop protection industry was valued at \$4.3 bn in FY14 and is expected to grow at a CAGR of 12% over the next five years to reach \$7.5 bn by FY19. We have domestic sales force in 17 states and expanding presence to better harness potential in our domestic Indian market.

The global Chlor Alkali market is currently valued at \$70 bn and is expected to grow at 6% FY14-19 CAGR to reach \$94 bn 2019. Asia-Pacific is the world's largest market for Chlor Alkali products. China is the key consumer of Chlorine, Caustic Soda and Soda Ash in Asia-Pacific whereas India, growing at ~7% p.a., is expected to be the fastest growing market. With expanding product mix to include Caustic Potash, we are deepening our presence in the Basic Chemicals market.

**Business Strategies:-**

We, as a company, continuously adopt strategies to de-risk our business model and mitigate the operating challenges we face. We face increasing competition from global players, foreign exchange risk, and volatility in raw materials that might affect the profitability of the Company. We have vertically integrated production processes to mitigate the risk of availability and high cost of raw materials. Also, we remain watchful towards the dollar versus rupee exchange rates with prudent hedging strategy.

With major investments already undertaken, we do not anticipate any major capex for next two years. Across segments, we will focus on increasing utilizations driving our profitability and returns. We plan to reduce debt by ₹ 2.25 bn by March 2017.

For the Agrochemical segment, the Company plans to increase the branded revenue to ₹ 2.5 bn in the next 3 years. Branded products are high value products and have high margins which will enhance the overall margins. We plan to increase PAN India distribution network for which an exclusive supply chain management department for the formulation products has already been set up. The Company has been constantly investing in research and development to gain competitive edge over its peers. We currently have 215 exports registrations and 400 registrations in the pipeline in different parts of the world. We also hold 247 registrations with the Central Insecticides Board (CIB), Faridabad and have 27 registered trademarks relating to corporate identity and products. With more and more patents expiring every year, we will focus on leveraging the CRAMS opportunity to boost revenues.

In the Pigment segment, we plan to strengthen our presence in the Japanese market which has demand opportunity for Hysol solvent based pigments. We also plan to expand our value added products portfolio by adding products like Beta blue 15:4 and 15:2. Additionally, we will strive to increase presence in the high growth and high margin paints & plastics market leading to better margins.

We are expanding our product portfolio in the high growth Basic Chemicals by setting up a Caustic Potash plant in the Dahej facility. The facility has a capacity of 60 TPD and is expected to commence production by Dec 2015. The project investment of ₹ 650 mn will be financed through internal accruals. The new plant will share the ready infrastructure such as land, manpower and installed utilities with the Caustic-Chlorine facility. This will help the Company to achieve economies of scale and reducing the cost of production. Caustic Potash is one of the very few chemicals which has universal applications. The largest users of Caustic Potash are Soap, Detergent, Fertilizers and Chemical Companies.

We believe that the future holds ample opportunities in the areas where we are present and expanding, and we are ready to leverage on the opportunities through our investments across all areas of our business.

**Acknowledgements:-**

On behalf of the Board, I want to thank the management and staff of Meghmani, who have worked hard for the growth and future of the Company. I am also grateful to my fellow directors for their continued guidance, advice and foresight that helped steer the Group's business through the increasingly competitive industry landscape. I want to extend my heartfelt gratitude to our customers for their continued faith in our products and our business partners for their support to our business. Finally, I want to thank our shareholders for the trust and confidence they have placed in us. With your belief in us, we are confident of keeping up the growth momentum and report even better results.

Thank you and best wishes.

**Jayanti Patel**  
Executive Chairman

## **DIRECTORS' REPORT**

To,  
The Members,  
Meghmani Organics Limited

Your Directors have pleasure in presenting Twenty First Annual Report and Audited Statement of Accounts of the Company for the Financial Year ended on 31st March, 2015.

### **FINANCIAL RESULTS**

₹ in Crore

<b>PARTICULARS</b>	<b>YEAR ENDED ON 31<sup>st</sup> MARCH, 2015</b>	<b>YEAR ENDED ON 31<sup>st</sup> MARCH, 2014</b>
Net Revenue from operations	948.18	893.28
Other Income	18.59	4.18
<b>Total Revenue</b>	<b>966.77</b>	<b>897.46</b>
Profit Before Finance Cost and Depreciation	118.44	81.41
Finance Cost	47.66	35.01
Depreciation	35.03	31.34
<b>Profit Before Extra Ordinary Item &amp; Tax</b>	<b>35.75</b>	<b>15.06</b>
Extra Ordinary Item/Exceptional item	3.51	0.50
<b>Profit Before Tax</b>	<b>32.24</b>	<b>14.56</b>
Payment & Provision of Current Tax	1.80	1.15
Deferred Tax Expenses/(Income)	3.33	1.84
Excess/Short Provision of Tax for earlier year	0.90	0.00
<b>Profit After Tax</b>	<b>26.22</b>	<b>11.57</b>
Profit Available for Appropriation	<b>26.22</b>	<b>11.57</b>
Transfer to Debenture Redemption Reserve	4.17	5.62
Transfer to General Reserve	2.75	0.30
Interim Dividend	10.17	2.54
Dividend Tax	0.00	0.43
<b>Balance Carried forward</b>	<b>9.13</b>	<b>2.68</b>

### **DIVIDEND:-**

During the year, the Board of Directors had declared and paid an Interim Dividend @ 0.40 paise per Equity share on 254,314,211 Equity Shares of ₹ 1/- each fully paid up for the Financial year 2014-2015. The Interim Dividend entailed an out flow of ₹ 10.17 Crore (excluding Dividend Distribution Tax). The Interim Dividend was tax free in the hands of shareholders.

Your Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No final dividend has therefore been recommended for the year ended March 31, 2015. The interim Dividend be considered as final dividend.

In terms of Section 125 of the Companies Act, 2013, unclaimed dividend relating to the Financial Year 2007-08 is due for transfer on 29.08.2015 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

### **SHARE CAPITAL:-**

The paid up Equity Share Capital as on March 31, 2015 was ₹ 25.43 Crore. During the year under review, the Company has not issued shares with differential voting rights nor granted Employee Stock Options or Sweat Equity Shares.

**DIRECTORS' REPORT****OPERATING RESULTS:-**

Pursuant to Clause 32 of Equity Listing Agreement, the Directors have pleasure in attaching the Consolidated Financial Statements prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

The Sales Turnover of the Company has increased by ₹ 49.86 Crore (5.72 %) i.e. from ₹ 872.02 Crore in FY 2014 to ₹ 921.88 Crore in FY 2015.

**1) DOMESTIC SALES:-**

The Domestic Sales increased by ₹ 28.55 Crore (15.64%) i.e. from ₹ 182.55 Crore in FY 2014 to ₹ 211.10 Crore in FY 2015.

The Domestic Sales of Pigment Division increased by ₹ 3.77 Crore (5.23%) i.e. from ₹ 72.14 Crore in FY 2014 to ₹ 75.91 Crore in FY 2015.

The Domestic sales of Agro Division increased by ₹ 26.47 Crore (25.98 %) i.e. from ₹ 101.90 Crore in FY 2014 to ₹ 128.37 Crore in FY 2015.

**2) EXPORT SALES :-**

The Export Sales increased by ₹ 21.31 Crore (3.09%) i.e. from ₹ 689.46 Crore in FY 2014 to ₹ 710.78 Crore in FY 2015.

The Export Sales of Pigment Division increased by ₹ 25.81 Crore (8 %) i.e. from ₹ 322.71 Crore in FY 2014 to ₹ 348.52 Crore in FY 2015.

The Export Sales of Agro Division increased by ₹ 14.08 Crore (4.76 %) i.e. from ₹ 295.52 Crore in FY 2014 to ₹ 309.60 Crore in FY 2015.

**3) OTHER INCOME :-**

Other income increased by ₹ 14.41 Crore mainly on account of receipt of Interim Dividend of ₹ 14.56 Crore from Meghmani Finechem Limited. While the income from Interest and Rent during the year under review decreased.

**4) PROFITABILITY :-**

Profit Before Tax increased by ₹ 17.68 Crore i.e. by 121.38 % while Profit After Tax increased by ₹ 14.64 Crore i.e. by 126.44%. The main reason for increase in profitability is due to increase in Sales.

**INSURANCE:-**

The Company's plant, property, equipments and stocks are adequately insured under the Industrial All Risk Policy. The Company also has insurance cover for Product Liability, Public Liability and Marine coverage. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

**ACCIDENT AT GIDC ANKLESHWAR AGROCHEMICAL PLANT – AGRO – II :-**

An accident had taken place on 19.08.2014 due to blast in reactor in Agrochemical plant of the Company situated at Plot 5001 B, GIDC Ankleshwar. The Company has lodged the insurance claim of ₹ 0.60 Crore. The claim is under process.

**FINANCE:-****1. REDEMPTION OF DEBENTURES**

The Company had privately placed 10.40% Non Convertible Debentures (NCD) Series I (INE974H07010) of ₹ 50 Crores and Series II (INE974H07028) of ₹ 50 Crores aggregating ₹ 100 Crores on 12.10.2010. The NCD's are listed on Bombay Stock Exchange Limited (BSE)

During the year, Non Convertible Debentures (NCD) Series I, (INE974H07010) of ₹ 50 Crores were redeemed on 11.10.2014.

NCD Series II (INE974H07028) of ₹ 50 Crores will be due for redemption on 11.10.2015.

## **DIRECTORS' REPORT**

### **2. RENEWAL OF WORKING CAPITAL FACILITY:-**

The consortium bank has renewed Fund based and Non Fund based Working Capital Credit facilities up to ₹ 378 Crore. To avail the enhancement execution of Security documents are in process.

### **3. CREDIT RATING:-**

CARE has reaffirmed domestic credit ratings of Care A on September, 2014 for Non Convertible Debentures (NCD) of ₹ 100 Crore issued (present outstanding of NCD is ₹ 50 Crore) by the Company.

CRISIL has reaffirmed its rating on the long-term bank facilities of the Company 'CRISILA'. The rating on short-term bank facilities has been revised from 'CRISILA1 Negative to CRISILA1 Stable' on September, 2014.

### **PROJECT:-**

During the year under review, the Plant to manufacture Alpha Blue for 100 Mt per month capacity was commissioned at Plot No. Z31 and Z32, Dahej SEZ Limited, Dahej, Bharuch and the commercial production started from 01 October, 2014.

### **REGISTRATIONS :-**

To date, we have 215 export registrations including Co-partner Registrations world wide. The Company has 247 registration of Central Insecticides Board (CIB), Faridabad, 27 registered Trade Marks and 400 Export registrations are in pipe line.

### **RESEARCH AND DEVELOPMENT:-**

The recognized in house Research and Development (R & D) Center at Chharodi carries out development of off-patent molecules, improvements in process parameters, time cycle optimization, and scale up of new technology from laboratory to production level. During the year the Company has spent ₹ 1.10 Crore as Research and Development Expenses.

### **CORPORATE SOCIAL RESPONSIBILITY**

As part of Corporate Social Responsibility (CSR), the projects identified are:-

Sr.No.	Particulars	Location
1	Education Project	Sola
2	Kanya Kelwani Project	Dahej
3	Annachetra	Bharuch
4	Medical Aid Project	Vatva & Ankleshwar

These projects are largely in accordance with Schedule VII of the Companies Act, 2013. The entitlement to spend was around ₹ 36 lacs towards CSR. But the amount to be spent being not sufficient to meet with the project identified, the Company has not spent entitlement.

### **CONSOLIDATED FINANCIAL STATEMENT:-**

In accordance with the Accounting Standard (AS) – 21 on consolidated Financial Statement read with AS-23 on accounting for investment in Associates and AS – 27 on financial reporting of interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.

### **SUBSIDIARY COMPANIES:-**

The Company has following five subsidiaries.

Sr.No.	Name of the Subsidiary	Business
1	Meghmani Finechem Limited (MFL)	Caustic Manufacturing
2	Meghmani Europe BVBA (Europe)	Distribution Business
3	Meghmani Organics USA INC. (USA)	Distribution Business
4	P T Meghmani Organics Indonesia (Indonesia)	Distribution Business
5	Meghmani Overseas FZE - Sharjah - Dubai	Distribution Business

**DIRECTORS' REPORT****CESSATION OF JOINT VENTURE AND SUBSIDIARY :-**

During the year the following Companies ceased to be the Joint Venture and Subsidiary of the Company:-

**(1) Trience Speciality Chemicals Private Limited (Trience)**

Trience (Joint Venture Company) was formed by Meghmani Organics Limited (MOL) to enter in to Joint Venture (JV) to manufacture CPVC pipe at Dahej, Bharuch. Joint Venture Company could not reach to definitive agreement and as a result JV was called off. Consequently, as per terms of Articles of Association JV Company applied under Section 560 of the Companies Act, 1956 to strike off name of the Company under Fast Track Scheme (FTS) of Registrar of Companies (ROC). The application has been taken on record by ROC and there by Trience has ceased to be a Joint Venture Company.

**(2) Meghmani Chemtech Limited (Meghmani Chemtech)**

Meghmani Chemtech was formed to set up Pigment project at Dahej SEZ. The said project with the permission of the Development Commissioner, KASEZ was transferred from Meghmani Chemtech to Meghmani Organics for implementation. Meghmani Chemtech was to close as per undertaking given to Development Commissioner. Accordingly, Meghmani Chemtech applied under Section 560 of the Companies Act, 1956 to strike off name under Fast Track Scheme (FTS) of Registrar of Companies (ROC). The application has been taken on record by ROC and there by Meghmani Chemtech has ceased to be a Subsidiary.

**(3) Meghmani Energy Limited (MEL)**

**MEL** (a Subsidiary of the Company) has 3 MW Captive Power Plant at Village Chharodi, Taluka Sanand, District Ahmedabad.

To adhere State Government's environment policy, the Company had to shift its Agrochemical manufacturing facilities from Village Chharodi, Taluka Sanand, Ahmedabad to Agro – II plant at GIDC Ankleshwar and Agro – III at GIDC Dahej, Bharuch. As a result, there was no requirement of Captive Power produced by MEL.

Consequently, MEL became a dormant company and hence the Company sold its investments in MEL and thereby MEL ceased to be a Subsidiary.

**FIXED DEPOSITS:-**

The Company has not accepted any fixed deposits during the year under report.

**ANNUAL LISTING FEE:-**

The Company has paid the annual listing fees for the financial year 2015-2016 to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:-**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis, is appended to this report.

**CORPORATE GOVERNANCE:-**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance, forms an integral part of this Report. This report also forms part of Singapore Stock Exchange listing requirements.

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

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure-A** and is attached to this report.

**DIRECTORS/ KEY MANAGERIAL PERSONNEL (KMP):-**

At the last Annual General Meeting held on July 28, 2014, the Members:-

- (1) Re-appointed Mr Chinubhai Shah and Mr. Balkrishna Thakkar as Non Executive - Independent Directors for a period of five years with effect from 1<sup>st</sup> April, 2014;

## **DIRECTORS' REPORT**

- (2) Re-appointed and approved terms of remuneration payable to Mr. Jayanti Patel as Executive Chairman, Mr. Ashish Soparkar and Mr. Natwarlal Patel as Managing Directors and Mr. Ramesh Patel and Mr. Anand Patel as Executive Directors for a period 5 (five) years with effect from 1st April, 2014 to 31st March, 2019.
- (3) The appointment of Mr. Chander Kumar Sabharwal as Non Executive Independent Director was confirmed and regularized for a period of 5 years.

Mr. Jayaraman Vishwanathan and Mr. Kantibhai Patel, Non Executive Independent Directors of the Company are retiring by rotation at this Annual General Meeting and being eligible have offered themselves for re-appointment. They will be appointed for a period of 5 (five) years in accordance with Section 149 (10) of the Companies Act, 2013.

As required under Clause 49 of the Listing Agreement, the details of Directors seeking appointment -re-appointment at the ensuing Annual General Meeting has been provided in the Notice of the Annual General Meeting, forming part of the Annual Report.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

### **APPOINTMENT OF WOMAN DIRECTOR – MS. URVASHI SHAH**

To comply with the requirements of Section 149(1) of the Companies Act, 2013 read with amended Listing Agreement, Ms. Urvashi Shah was appointed as an Additional Non Executive Independent Woman Director on the board of the Company with effect from 27th March, 2015 by passing Circular Resolution. The said resolution was confirmed at the Board Meeting held on 22nd May, 2015.

The Company has received a notice from a member Proposing appointment of Ms. Urvashi Shah. The Board recommends passing of the resolution appointing Ms. Urvashi Shah as an Independent Woman Director for a period of 5 (five) years.

### **BOARD EVALUATION:-**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement and Singapore Listing requirements, the Nomination Committee has carried out an annual performance evaluation of the Board as well as the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **REMUNERATION POLICY:-**

The Board has, on the recommendation of Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

### **DIRECTORS' RESPONSIBILITY STATEMENT:-**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 31st March, 2015 and of the profit of the Company for the period ended on 31st March, 2015.
- c) 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;
- d) The directors had prepared the annual accounts on a going concern basis;
- e) The directors had laid down internal financial controls and that such internal financial controls are adequate and have been operating effectively.
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems have been found adequate and operating effectively.



## DIRECTORS' REPORT

### ANNUAL RETURN:-

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as “Annexure B”.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY:-

The Company has a WHISTLE BLOWER POLICY to deal with instance of unethical behaviour, actual or suspected fraud or violation of the company's code of conduct, if any. The details of the WHISTLE BLOWER POLICY is posted on the website of the Company.

### AUDITORS:-

#### (A) STATUTORY AUDITORS:-

The terms of appointment of M/s. Khandwala & Khandwala, Chartered Accountants, expires at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

The Company has received letter from them to the effect that their reappointment, if made, would be within prescribed limit under Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit & Auditors) Rules, 2014 and that they are not disqualified for reappointment.

To meet with the Singapore Listing Rules requirement the Company is required to appoint Joint Auditor. The Company had appointed KPMG as Joint Auditor for FY 2014-15 to comply with IFRS requirements. KPMG has offered themselves for re-appointment. They will be appointed as Joint Auditor at the next Annual General Meeting.

#### (B) SECRETARIAL AUDITOR:-

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Shah & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for FY 2014-2015. The Secretarial Audit Report is appended to this report.

#### (C) COST-AUDITOR:-

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records maintained by the Company in respect of Pigment and Agrochemicals products are required to be audited by a qualified Cost Accountant.

Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Kiran J Mehta & Co. Cost Accountants (Firm Registration number 00025) for the financial year 2015-2016 at a remuneration of ₹ 2,50,000 per annum.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to M/s Kiran J Mehta & Co., Cost Accountants is included at Item No.6 of the Notice convening the Annual General Meeting.

### AUDITORS REPORT

There is no qualification, reservation or adverse remarks or disclaimer made by the Auditors in their report on the financial statement of the Company for the financial year ended on 31st March, 2015.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:-

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### RELATED PARTY TRANSACTIONS (RPT):-

All related party transactions entered into during the financial year were on an Arm's Length Basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

## **DIRECTORS' REPORT**

All related party transactions were placed before the Audit Committee and the Board for approval. The Company had also taken members' approval at its Annual General Meeting held on 28th July, 2014 for entering into the transactions with Related Parties.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website

### **NUMBER OF BOARD MEETINGS DURING THE FINANCIAL YEAR 2014-15:-**

The Board of Directors duly met 4 (Four) times respectively on 23.05.2014, 04.08.2014, 03.11.2014 and 09.02.2015 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.

### **PARTICULARS OF EMPLOYEES:-**

The applicable information required pursuant to Section 197 of the Companies Act, 2013 read with Rule (5) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 in respect of the employees are as under.

- i. ratio of remuneration of each Director to the median employee's is 300% i. e. 3 times
- ii. percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any

Sr. No.	Name	Designation	% increase
1	Mr. Jayanti Patel	Executive Chairman	25%
2	Mr. Ashish Soparkar	Managing Director & CEO	25%
3	Mr. Natwarlal Patel	Managing Director	25%
4	Mr. Ramesh Patel	Executive Director	25%
5	Mr. Anand Patel	Executive Director	25%
6	Mr. Dinesh Shah	Chief Finance Officer	7%
7	Mr. Kamlesh Mehta	Company Secretary	7%

- iii. The percentage increase in the median remuneration of employees is 11%.
- iv. The number of permanent employees on the roll of the company is 1250 Employees.
- v. The Sales turn over of the Company has increased by 5.72% while the Net Profit by 126.44%. There is no direct relationship between average increase in remuneration of employee and company performance.
- vi. The Sales turn over of the Company has increased by 5.72% while the Net Profit by 126.44%. There is no direct relationship between average increase in remuneration of KMP and company performance
- vii. The Price earning ratio as at 31.03.2015 is 14.42 and 31.03.2014 was 18.04

The Market Capitalisation as on 31.03.2015 was ₹ 377.66 Crore (Share Price ₹ 14.85 per Equity Share) while on 31.03.2014 it was ₹ 215.66 Crore (Share Price ₹ 8.48 per Equity Share).

The Company had made its IPO in 2007 at ₹ 19/- per Equity Share of ₹ 1/- each. The Share price as on 31 March, 2015 was ₹ 14.85/- per Equity Share of ₹ 1/- each. The percentage decrease in the market quotation was 21.84%

- viii. There is no employee receiving remuneration in excess of the highest paid director.
- ix. All the components of the remuneration are fixed and no components are variable.
- x. The remuneration paid to Working Directors are as per Schedule V of the Companies Act, 2013 and as per remuneration policy of the Company.



**DIRECTORS' REPORT**

- xi. Particulars of Employees:- Employed throughout the financial year receiving remuneration in aggregate, not less than ₹ 60 lakhs

Sr. No.	Name	Salary Per Annum in ₹	Perquisites Per Annum in ₹	Total ₹
1	Mr. Jayanti Patel	6000000	731091	6731091
2	Mr. Ashish Soparkar	6000000	727483	6727483
3	Mr. Natwarlal Patel	6000000	727483	6727483
4	Mr. Ramesh Patel	6000000	731091	6731091
5	Mr. Anand Patel	6000000	727421	6727421
	<b>Total</b>	<b>30000000</b>	<b>3644569</b>	<b>33644569</b>

No Employee was employed for a part of the financial year at an aggregate salary of not less than ₹ 5 lakhs per month.

- xii. No one was Employed through out the financial year or part thereof receiving remuneration in excess of the amount drawn by Managing Director.

**Risk Management :**

The Company had a Risk Management Committee with defined role and responsibilities. During the year under review, the Committee was reconstituted in the compliance of requirement of clause 49 of the listing agreement.

**INDUSTRIAL RELATIONS :-**

The relationship with the workmen and staff remained co-ordial and harmonious during the year and management received full cooperation from employees.

**ACKNOWLEDGMENT:-**

Your Directors thank various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year.

The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company

**For and on behalf of the Board**

**Jayanti Patel**  
**Executive Chairman**  
**DIN - 00027224**

**Date: 22<sup>nd</sup> May, 2015**

**Place: Ahmedabad**

**ANNEXURE TO THE DIRECTORS' REPORT**

**ANNEXURE-A**

**1. CONSERVATION OF ENERGY:**

A	Energy conservation measures taken	<ol style="list-style-type: none"> <li>1. Pigment Vatva Plant - Replaced steam Boiler fuel as De Oil Cake in place of C.N.G. Gas. New Boiler was installed.</li> <li>2. Agro – II at Ankleshwar - Ejector and Multiple Effect Evaporation cooling tower replaced with fan less fill.</li> <li>3. Agro – II at Ankleshwar - Scrubber pump replaced with high efficiency magnetic drive pump instead of normal centrifugal pump.</li> <li>4. Pigment Panoli plant - Installed Coal Fired Thermopack to supply Hot Oil to Spin Flash Dryer which were previously running on Natural Gas. As a result Gas Consumption reduced.</li> <li>5. Pigment Panoli plant - Express Feeder for Power supply installed. As a result Gas Consumption reduced.</li> </ol>
B	Additional investments and proposals if any being implemented for reduction of consumption of energy	<ol style="list-style-type: none"> <li>1. Pigment Vatva Plant - Thermic Fluid Boiler De Oil Cake Fuel is planned instead of C.N.G. Gas.</li> <li>2. Pigment Panoli plant – intends to install one more Coal Fired Thermopack so that all Glass Lined Vessels can be taken on that. By this installation the consumption of Gas will be further reduced.</li> <li>3. Pigment Panoli plant - proposes for installation of one more Multiple Effect Evaporation to stop Evaporation.</li> </ol>
C	Impact of the measures at (a) & (b) above for reduction of the energy consumption and consequent impact on the cost of production of goods.	<ol style="list-style-type: none"> <li>1. Pigment Panoli plant – Gas consumption will be reduced consequently Gas bill and Cost of production will be reduced</li> </ol>
D	Total energy consumption and energy consumption per unit of production	As per Form – A

**ANNEXURE TO THE DIRECTORS' REPORT****FORM A****Form for disclosure of particulars with respect to conservation of Energy**

Particulars		2014-15	2013-14
A	Power Consumption		
1	Electricity Consumption		
(a)	Purchase		
	Unit KWH	62,314,866	47,769,615
	Total Amount ₹	451,026,803	305,542,297
	Rate/Unit ₹	7.24	6.40
(b)	Own Generation through Diesel Generator		
	Unit KWH	-	140,325
	Total Amount KWH	-	3,404,233
	Cost/Unit ₹	-	24.26
(c)	Own Generation through steam Turbine/Generator		
	Unit KWH	4,746,500	9,398,289
	Total Amount ₹	53,193,329	96,535,952
	Cost / Unit ₹	11.21	10.27
2	Coal (Specify Quality and Used)		
	Stem Generated (MT)	281,309	241,140
	Consumption of Coal /Lignite (MT)	45,925	36,448
	Gas Consumption (In 1000 Cubic Meter)	1,423	4,005
	Cost per Unit ₹	0.95	1.31
3	Others/Internal Generations		
B	Consumption per unit of		
	Production in (MT)	30,155	29,196
	Electricity (₹/MT)	16,721	13,888

## **ANNEXURE TO THE DIRECTORS' REPORT**

### **2. TECHNOLOGY ABSORPTION**

#### **Form-B**

#### **A. Form for disclosure of particulars with respect to Technology Absorption Research & Development**

##### **Research & Development**

1 Specific areas in which R & D is carried out by the Company.	(1) Developed Blue 15:4. (2) Green-7 water Base High loading. (3) Green-7 Plastic Grade. (4) Improved yield of CPC and Solvent recovery from CPC. (5) Three new molecules of agro chemicals.
2 Benefits derived as a result of the above R & D.	On development of 15:4 Beta Blue production increased.
3 Future Plan of Action	Further recovery of Solvent in CPC Plant
4 Expenditure on R & D	₹11,023,023/-

#### **B. Technology Absorption, Adoption and Innovation:**

A Efforts, in brief, made towards technology absorption, adaptation and innovation.	-
B Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc.	-
C Imported technology (imported during the last 5 years reckoned from the beginning of the financial year.)	During the last five years, no technology has been imported by way of foreign collaboration or otherwise for the existing products of the Company.

### **3 Foreign Exchange Earnings and Outgo**

The particulars with regards to foreign exchange earnings and outgo appear in Schedule 20 and 26 respectively forming part of Annual Report and Account.

**For and On behalf of the Board of Directors**

**Place : Ahmedabad**

**Date: 22<sup>nd</sup> May, 2015**

**Jayanti Patel**

**Executive Chairman**

**DIN - 00027224**

**ANNEXURE- B****EXTRACT OF ANNUAL RETURN**

(As on the financial year ended 31.03.2015)

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]**FORM NO. MGT - 9**

<b>I. Registration and other details</b>					
CIN		L24110GJ1995PLC024052			
Registration Date		2nd January, 1995			
Name of the Company		Meghmani Organics Limited			
Category/Sub-category of the Company		Company having Share Capital			
Address of the Registered Office and contact details		Plot No. 184, Phase II, GIDC Vatva, Ahmedabad- 382 445, Ph- 91-79-25831210			
Whether Listed Company		Yes			
Name, address and contact details of the Registrar and Transfer Agent, if any		Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078. Ph-91-22-2596 0320			
<b>II. Principal Business Activities of the Company</b>					
All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated.					
<b>Name &amp; Description of main Products/Services</b>		<b>NIC Code of the Product/ Service</b>		<b>% of total turnover of the Company</b>	
Pigments		3031		46.04	
Agro Chemicals		3014		47.51	
Trading Activity and Power Generation		-		6.45	
<b>III. Particulars of Holding, Subsidiary &amp; Associate Companies</b>					
<b>Sr. No</b>	<b>Name &amp; Address of the Company</b>	<b>CIN/GIN</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
1	Meghmani Organics USA, Inc.	Foreign Company	Subsidiary	100	2(87)
2	Meghmanu Europe BVBA	Foreign Company	Subsidiary	100	2(87)
3	PT Meghmani Organics Indonesia	Foreign Company	Subsidiary	100	2(87)
4	Meghmani Overseas FZE	Foreign Company	Subsidiary	100	2(87)
5	Meghmani Chemtech Limited	U24100GJ2008PLC054564	Subsidiary	100	2(87)
6	Meghmani Finechem Limited	U24100GJ2007PLC051717	Subsidiary	57	2(87)
7	Trience Speciality Chemicals Private Limited	U24100GJ2012PTC068558	Associate (Joint Venture)	39	2(6)

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)										
i) Category-wise Shareholding										
Category Code	Category Of Share Holder	No. of Shares Held at the beginning of the year			No. of Shares held at the end of the year			% of Change During the year		
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of Total Shares	
(A)	SHAREHOLDING OF PROMOTER & PROMOTER GROUP (2)									
<b>1</b>	<b>INDIAN</b>									
(a)	INDIVIDUAL	93,954,963	-	93,954,963	36.94%	93,720,785	-	93,720,785	36.85%	-0.09%
(b)	CENTRAL / STATE GOVERNMENT(S)	-	-	-	-	-	-	-	-	-
(c)	BODIES CORPORATE	-	-	-	-	-	-	-	-	-
(d)	FINANCIAL INSTITUTIONS/ BANKS	-	-	-	-	-	-	-	-	-
(e)	ANY OTHER (SPECIFY)	-	-	-	-	-	-	-	-	-
	DIRECTORS RELATIVES	34,912,365	-	34,912,365	13.73%	34,346,610	-	34,346,610	13.51%	-0.22%
	<b>SUB TOTAL : (A) 1</b>	<b>128,867,328</b>		<b>128,867,328</b>	<b>50.67%</b>	<b>128,067,395</b>		<b>128,067,395</b>	<b>50.36%</b>	<b>-0.31%</b>
<b>2</b>	<b>FOREIGN</b>									
(a)	INDIVIDUAL	-	-	-	-	-	-	-	-	-
(b)	BODIES CORPORATE	-	-	-	-	-	-	-	-	-
(c)	INSTITUTIONS	-	-	-	-	-	-	-	-	-
(d)	QUALIFIED FOREIGN INVESTOR - CORPORATE	-	-	-	-	-	-	-	-	-
(e)	ANY OTHER	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL : (A) 2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(A)	<b>TOTAL HOLDING FOR PROMOTERS : (A) 1 + (A) 2</b>	<b>128,867,328</b>	<b>-</b>	<b>128,867,328</b>	<b>50.67%</b>	<b>128,067,395</b>	<b>-</b>	<b>128,067,395</b>	<b>50.36%</b>	<b>-0.31%</b>

Category Code	Category Of Share Holder	No. of Shares Held at the beginning of the year			No. of Shares held at the end of the year			% of Change During the year	
		Demat	Physical	Total	% of total Shares	Demat	Physical		Total
(B) 1	PUBLIC SHAREHOLDING (3) INSTITUTIONS	-	-	-	-	-	-	-	-
(a)	MUTUAL FUNDS / UTI	-	-	-	-	-	-	-	-
(b)	FINANCIAL INSTITUTIONS / BANKS	-	-	-	-	-	-	-	-
(c)	CENTRAL / STATE GOVERNMENT(S)	-	-	-	0.00%	104,302	-	104,302	0.04%
(d)	VENTURE CAPITAL FUNDS	-	-	-	-	-	-	-	-
(e)	INSURANCE COMPANIES	-	-	-	-	-	-	-	-
(f)	FOREIGN INSTITUTIONAL INVESTORS	3,218,653	-	3,218,653	1.27%	2,394,154	-	2,394,154	0.94%
(g)	FOREIGN VENTURE CAPITAL	-	-	-	-	-	-	-	-
(h)	QUALIFIED FOREIGN INVESTOR - CORPORATE	-	-	-	-	-	-	-	-
(i)	ANY OTHER (SPECIFY)	-	-	-	-	-	-	-	-
	SUB TOTAL : (B) 1	3,218,653		3,218,653	1.27%	2,498,456		2,498,456	0.98%
2	NON-INSTITUTIONS								
(a)	BODIES CORPORATE	5,931,602	-	5,931,602	2.33%	19,050,629	-	19,050,629	7.49%
(b)	INDIVIDUAL (CAPITAL <= Rs. 1 LAKH)	51,269,883	100,175	51,370,058	20.20%	51,776,308	102,275	51,878,583	20.40%
(b)	INDIVIDUAL (CAPITAL > Rs. 1 LA)	11,506,985	150,000	11,656,985	4.58%	7,741,285	150,000	7,891,285	3.10%
(d)	CLEARING MEMBER	1,015,713	-	1,015,713	0.40%	2,158,993	-	2,158,993	0.85%
(g)	NON RESIDENT INDIANS (REPAT)	1,173,767	-	1,173,767	0.46%	2,157,750	-	2,157,750	0.85%
(h)	NON RESIDENT INDIANS (NON REPAT)	231,952	-	231,952	0.09%	258,970	-	258,970	0.10%
(i)	FOREIGN COMPANIES	-	-	-	-	-	-	-	-
(j)	OVERSEAS BODIES CORPORATES	-	-	-	-	-	-	-	-
(j)	QUALIFIED FOREIGN INVESTOR	-	-	-	-	-	-	-	-
(k)	CORPORATE	10,003	-	10,003	0.00%	9,000	-	9,000	0.00%
(l)	TRUSTS	-	-	-	-	-	-	-	-
(l)	ANY OTHERS	-	-	-	-	-	-	-	-
	SUB TOTAL : (B) 2	71,139,905	250,175	71,390,080	28.07%	83,152,935	252,275	83,405,210	32.80%

Category Code	Category Of Share Holder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% of Change During the year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of Total Shares	
(B)	TOTAL HOLDING FOR PUBLIC : (B)1 + B(2)	74,358,558	250,175	74,608,733	29.34%	85,651,391	-	85,903,666	33.78%	4.44%
	TOTAL (A)+(B)	203,225,886	250,175	203,476,061	80.01%	213,718,786	-	213,971,061	84.14%	4.13%
(C)	SHARES HELD BY CUSTODIANS AND AGAINST WHICH SINGAPORE DEPOSITORY RECEIPTS HAVE BEEN ISSUED									
1	PROMOTER AND PROMOTER GROUP	-	-	-	-	-	-	-	-	-
2	PUBLIC	50,838,150	-	50,838,150	19.99%	40,343,150	-	40,343,150	15.86%	-4.13%
(C)	SUB TOTAL ::(C)	50,838,150	-	50,838,150	19.99%	40,343,150	-	40,343,150	15.86%	-
	GRAND TOTAL (A)+(B)+(C)	254,064,036	250,175	254,314,211	100.00%	254,061,936	252,275	254,314,211	100.00%	-



ii)	Shareholdings of Promoters							
	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in during the year
		No. of shares	% of total shares of the Company	% of total pledged/ encumbered to total shares	No. of shares	% of total shares of the	% of total pledged/ encumbered to total shares	
	Jayatibhai M. Patel	18873946	7.42	-	18560390	7.30	-	(0.12)
	Ashish Soparkar	24490628	9.63	-	24490628	9.63	-	0.00
	Natwarlal M. Patel	25910477	10.19	-	25910477	10.19	-	0.00
	Rameshbhai M. Patel	16422392	6.46	-	16422392	6.46	-	0.00
	Anandbhai I. Patel	8130200	3.20	-	8130200	3.20	-	0.00

## (iii) Change in Promoter's Shareholding

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Co.	No. of shares	% of total shares of the Company
At the beginning of the year	Refer ii) Shareholding of Promoters			
Date wise Increase/ Decrease in Promoters Shareholding during the year with reasons for change				

## (iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDR and ADRs)

	Name of Shareholders	Shareholding at the beginning of the year – 31.03.2014		Shareholding at the end of the year/31.03.2015	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Gadia Naveen Vishwanath	2169629	0.85	-	-
2.	Cresta Fund Ltd	765000	0.30	-	-
3.	Pankaj Kantilal Khandhar	471151	0.19	-	-
4.	Anuja Chintan Virani	458300	0.18	-	-
5.	Amit Capital And Securities Pvt Ltd.	435000	0.17	-	-
6.	B Subraya Baliga	352198	0.14	-	-
7.	Nitin Kapil Tandon	324000	0.13	-	-
8.	Morgan Stanley Asia (Singapore) Pte.	284024	0.11	-	-
9.	Nikunjben Mahendrabhai Patel	263000	0.10	-	-
10.	Subbiah. N .	250000	0.10	-	-
	<b>Total</b>	<b>5772302</b>	<b>2.27</b>	<b>-</b>	<b>-</b>

	Name of Shareholders	Shareholding at the beginning of the year – 31.03.2014		Shareholding at the end of the year/31.03.2015	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	VLS Finance Ltd	-	-	7500000	2.95
2.	Globe Fincap Limited	-	-	3261898	1.28
3.	Gadia Naveen Vishwanath	-	-	2394154	0.94
4.	Anand Rathi Share And Stock Brokers Ltd	-	-	771170	0.30
5.	Snehlata Rajesh Nuwal	-	-	749500	0.29
6.	Anuja Chintan Virani	-	-	467500	0.18
7.	Dolly Khanna	-	-	454475	0.18
8.	Rajasthan Global Securities Limited	-	-	440589	0.17
9.	Pankaj Kantilal Khandhar	-	-	431151	0.17
10.	Karvy Stock Broking Ltd	-	-	420000	0.17
	<b>Total</b>	-	-	<b>16890437</b>	<b>6.63</b>

**(v) Shareholding of Directors and Key Managerial Personnel**

For each of Directors and KMP	Shareholding at the beginning of the year – 31.03.2014		Shareholding at the end of the year/31.03.2015	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Jayantibhai Meghijibhai Patel	18873946	7.42	18560390	7.30
Mr. Ashish Natwarlal Soparkar	24490628	9.63	24490628	9.63
Mr. Natubhai Meghijibhai Patel	25910477	10.19	25910477	10.19
Mr. Rameshbhai Meghijibhai Patel	16422392	6.46	16422392	6.46
Mr. Anandbhai Ishwarbhai Patel	8130200	3.20	8130200	3.20
Mr. Balkrishna Thakkar	539332	0.21	199488	0.08
Mr. Chinubhai R. Shah	1000	0.00	1000	0.00
Mr. Jayaraman Vishwanathan	-	-	-	-
Mr. Kantibhai H. Patel	-	-	-	-
Mr. Chander Kumar Sabharwal	-	-	-	-
Ms Urvashi Dhirubhai Shah	-	-	-	-
Mr. Kamlesh D. Mehta	-	-	-	-
Mr. Dinesh C. Shah	-	-	5000	-
	<b>94367975</b>	<b>37.11</b>	<b>93719575</b>	<b>36.86</b>

Note:- Sale of 313556 shares by Shri Jayantibhai M Patel.

**V. Indebtedness****Indebtedness of the Company Including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits (Rs. In Crore)	Unsecured Loans (Rs. In Crore)	Deposits (Rs. In Crore)	Total Indebtedness (Rs. In Crore)
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	393.13	42.00	-	435.13
ii) Interest due but not paid	0.03	-	-	0.03
iii) Interest accrued but not due	0.81	-	-	0.81
<b>Total (i+ii+iii)</b>	<b>393.97</b>	<b>42.00</b>		<b>435.97</b>
<b>Change in Indebtedness during the financial year</b>			-	
Addition	65.00	-	-	65.00
Reduction	-80.85	-32.00	-	-112.85
<b>Net Change</b>	<b>-15.85</b>	<b>-32.00</b>	<b>-</b>	<b>-47.85</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	377.28	10.00	-	387.28
ii) Interest due but not paid	0.01	-	-	0.01
iii) Interest accrued but not due	1.08	-	-	1.08
<b>Total (i+ii+iii)</b>	<b>378.37</b>	<b>10.00</b>	<b>-</b>	<b>388.37</b>

**VI. Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Directors, Whole-time Directors and/or Manager**

Particulars of Remuneration	Mr. Jayanti Patel (Executive Chairman)	Mr. Ashish Soparkar (Managing Director/ CEO)	Mr. Natwarlal. Patel (Managing Director)	Mr. Ramesh Patel (Executive Director)	Mr. Anand Patel (Executive Director)	Total Amount (Rs. In Crore)
Gross Salary						
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	0.60	0.60	0.60	0.60	0.60	3.00
Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.08	0.07	0.07	0.07	0.07	0.36
Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
Stock Options	-	-	-	-	-	-
Sweat Equity	-	-	-	-	-	-
Commission ( as % of Profit)	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total (A)</b>	<b>0.68</b>	<b>0.67</b>	<b>0.67</b>	<b>0.67</b>	<b>0.67</b>	<b>3.36</b>

**B. Remuneration to other Non –Executive Independent Directors**

Particulars of	Name of Directors						Total Amount
Remuneration	Mr. Chinubhai Shah	Mr. B T Thakkar	Mr. Jayaraman Vishwanathan	Mr. K. H. Patel	Mr. Chander Sabharwal	Ms Urvashi Shah	(₹ In Crore)
Fees for attending Board/ Committee Meetings	0.027	0.030	0.013	0.0065	0.0065	-	0.083
Commission	-	-	-	-	-	-	-
Others, Please Specify	-	-	-	-	-	-	-
<b>Total (B)</b>	<b>0.027</b>	<b>0.03</b>	<b>0.013</b>	<b>0.0065</b>	<b>0.0065</b>	<b>-</b>	<b>0.083</b>

**C. Remuneration to Key Managerial Personnel other than MDs/EDs**

Particulars of Remuneration	Key Managerial Personnel (KMP)		
	Mr. K. D. Mehta Company Secretary (CS)	Mr. Dinesh Shah Chief Financial Officer (CFO)	Total Amount (₹ In Cr)
Gross Salary			
Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	0.16	0.34	0.50
Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.00	0.00	0.00
Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00
Stock Options	0.00	0.00	0.00
Sweat Equity	0.00	0.00	0.00
Commission ( as % of Profit)	0.00	0.00	0.00
Others	0.00	0.00	0.00
<b>Total (C)</b>	<b>0.16</b>	<b>0.34</b>	<b>0.50</b>

**VIII. 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
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment					
Compounding					
<b>C. Other Officers in Defaults</b>					
Penalty					
Punishment					
Compounding					

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31.03.2015

*[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,

**Meghmani Organics Limited**

Plot No. 184, Phase II,

GIDC Vatva,

Ahmedabad-382 445

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Meghmani Organics Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

**We report that-**

- a. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of the financial statement of the Company.
- d. The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31st March, 2015 ("Audit Period")**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2015** according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. 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 Requirement) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)** ;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not Applicable to the Company during the Audit Period)** ;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)** ; and
- h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)** ;

6. Other laws specifically applicable to the Company **(As per Annexure-1)**

We have also examined compliance with the applicable clauses of the followings :-

- i. Secretarial Standards issued by the Institute of Company Secretaries of India **(Not Applicable to the Company during the Audit Period)** ;
- ii. The Listing Agreements entered into by the Company with the Stock Exchange.

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

**We further report that**

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

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

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

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

**We further report that** during the audit period, the Company has

1. Taken decision by the Members in respect of borrowing limit of ₹ 1000/- Crores and creation of charge for the said limit on the Company's Property is pursuant to the provisions of Section 180 of the Companies Act 2013.
2. Redeemed 10.40% Privately Placed Non Convertible Debenture (NCD) Series I (INE 974407010) of ₹ 50 Crores on 11<sup>th</sup> October, 2014.

**We further report that** during the audit period, there were no instances of

1. Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
2. Merger / Amalgamation / Reconstruction etc.
3. Foreign Technical Collaborations.

Place : Ahmedabad

Date : 22<sup>nd</sup> May, 2015

For, SHAH & ASSOCIATES

Company Secretaries

sd/

(Kaushik Shah)

Partner

FCS No 2420 CP No-1414

**ANNEXURE - 1**

- (1) INSECTICIDES ACT, 1968
- (2) ENVIRONMENT PROTECTION ACT, 1986
- (3) THE CENTRAL EXCISE ACT, 1961
- (4) INDIAN EXPLOSIVE ACT, 1952 – POISON ACT, 1884
- (5) INCOME TAX ACT, 1961
- (6) CENTRAL SALES TAX ACT 1944 (1 of 1944);
- (7) VALUE ADDED TAX GUJARAT STATE, 2005
- (8) PROFESSIONAL TAX, 1976
- (9) SERVICE TAX, 1994
- (10) NEGOTIABLE INSTRUMENT ACT, 1938
- (11) THE FACTORIES ACT, 1948
- (12) THE APPRENTICE ACT, 1961
- (13) THE INDUSTRIAL DISPUTE ACT, 1947
- (14) EMPLOYEES PROVIDENT FUND & MISC. PROVISIONS ACT
- (15) THE PAYMENT WAGES ACT, 1965
- (16) THE PAYMENT OF BONUS ACT, 1965
- (17) THE PAYMENT OF GRATUITY ACT, 1972
- (18) THE MINIMUM WAGES ACT, 1946
- (19) THE TRADE UNION ACT, 1926
- (20) THE EMPLOYMENT EXCHANGE ACT 1952
- (21) INDIAN STAMP ACT, 1899
- (22) THE TRADE MARKS ACT, 1999
- (23) FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992
- (24) ESSENTIAL COMMODITIES ACT 1955
- (25) CUSTOMS ACT 1962
- (26) INDUSTRIES (DEVELOPMENT AND REGULATION) ACT, 1951
- (27) COMPETITION ACT, 2002

**Place : Ahmedabad**

**Date : 22<sup>nd</sup> May, 2015**

**For, SHAH & ASSOCIATES**

**Company Secretaries**

**sd/**

**(Kaushik Shah)**

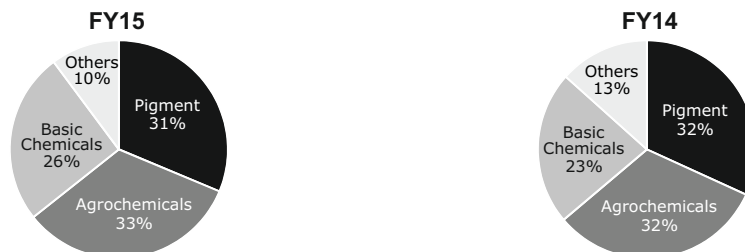
**Partner**

**FCS No 2420 CP No-1414**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

FY 2015 was a year of successful execution for Meghmani in which the Company witnessed benefits of its strategic investments of ₹ 5.57 bn over the last 5 years. Also, 2015 was the first financial year post the Caustic-Chlorine facility expansion and saw beginning of stabilization of the Dahej pigment facility. Further, the progress was accompanied by an improving operating environment in the second half of the year with reduction in crude prices. We are deeply committed to growth post the recent strategic investments in our capacities and capabilities and our current capacity is adequate to support revenue growth to ₹ 20 bn.

FY15 net sales increased 9.6% to reach ₹ 12,678 mn driven by 24.4% growth in Basic Chemicals and 10.2% growth in Agrochemicals. The table below show net sales breakdown by segments:



In terms of geography, domestic business increased by 21.7% driven by growth in Basic Chemicals business, which is focused on the domestic market and 26.0% growth in the domestic Agrochemicals business. The table below show net sales breakdown by geography:



Our focus for the current year will be to drive revenue growth and profitability. Revenue growth will be driven through increased capacity utilization and profitability growth through improved efficiencies and focus to increase contribution of value added and branded products. In the current year, we are also undertaking investments to add Caustic Potash to our Basic Chemicals product offering, strengthening our position as a leading integrated diversified chemical Company.

### **Business Segments**

At Meghmani, each of the businesses is witnessing strong growth drivers through: focus on value added offerings in Pigments (Beta Blue) and Agrochemicals (branded agro products), recent diversification into Caustic Potash with an investment of ₹ 650 mn to be financed from internal accruals and monetization of the CRAMS opportunity in Agrochemicals. The improved performance and better utilization of capacities augurs well for strengthening of the balance sheet with reduction in debt and efficiency in working capital management.

#### **I Pigment**

##### **(1) Industry Structure**

###### **Global market to reach \$14.7 bn by 2018**

As per Transparency Market Research, the global pigments (Organic, Inorganic, Speciality) market is expected to grow at a CAGR of 4.5% (2013-2018) to reach \$14.7 bn by 2018. The volume estimated is 4.4 mn tons by 2018. The market estimates are more optimistic as per Ceresana, which forecasts global revenues generated from pigments to increase to \$34.2 bn by 2020.

Of the total market, Organic pigment business is estimated to be ~\$6 bn market, of which Phthalocyanine, Azo and High Performance Pigment are the main segments. In case of Phthalocyanine pigments, which is the segment in which we operate in, market size is ~\$1-1.25 bn i.e. 20% of the total Organic pigment market.

Specialty pigment is expected to be the most promising product segment estimated to grow at a CAGR of 4.7% from 2013 to 2018. Under growing regulatory pressure, Specialty and Organic pigments are being increasingly investigated for substitution potential over their inorganic counterparts. (Source: Transparency Market Research)



## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of end use, three main industries i.e. paints & coatings, plastics and printing inks account for ~90% of the market. Within end use markets, the paints & coatings industry takes away major share of the global pigments market, accounting for 38.5% of the overall market. This is mainly due to growth in this industry along with the preference of consumers towards unique optical effect colors in certain segments such as automobiles. The global paints & coatings industry is projected to grow at a CAGR of 5.1% during 2013-2018.

### Asia Pacific region to remain the fastest growing

The Asia Pacific pigments market revenue is expected to reach \$6.4 bn by 2018. Major factors fuelling the growth are increasing spending capacity of consumers along with preference for high end products with attractive packaging. In Asia-Pacific, India and China are the important countries contributing towards the growth of the market. (Source: Transparency Market Research)

Within Asia Pacific region, Organic pigments demand is expected to reach 316.2 thousand MT by 2018, at a high CAGR of 6.6% from 2013 to 2018. The demand for Organic pigments will increase in inks and coatings as these have an ability to provide intense and bright colors.

Other regions, such as Eastern Europe, the Middle East and South America, will see demand rise by more than 3% p.a. and thus contribute to the positive development of the pigment industry. The rather saturated markets in Western Europe and North America are expected to return to a growth path after suffering losses in the past couple of years. (Source: Cersana)

### Indian Pigments

There has been a notable transition in the global arena during the last 2-3 decades in the manufacturing base of colorants, with a shift in production from Europe, USA and Japan to Asia viz. China, India, Taiwan, Thailand and Indonesia, etc. With decline in production in most of the traditional centers, non-traditional centers like India and China are now preferred sources for supply of colorants to the global market. Exports account for ~75% of the Indian colorant industry.

## 2. Business Overview

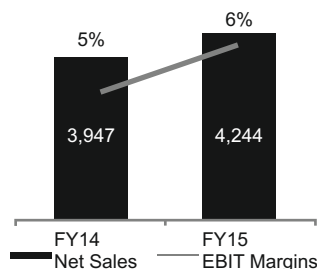
Meghmani is one of the largest Phthalocyanine-based pigment manufacturers with a global market share of ~7% in terms of quantity. The Company has vertically integrated facilities manufacturing CPC Blue (a downstream product also sold to other pigment manufacturers) and end products: Pigment Green and Pigment Blue. These pigment products are used in multiple applications including paints, plastics and printing inks.

We have three dedicated manufacturing facilities to manufacture Pigment products located at (1) GIDC Vatva, Ahmedabad (2,940MTPA) where Pigment Green 7 products is manufactured; (2) GIDC Panoli, near Ankleshwar (17,400MTPA), where CPC Blue, Alpha and Beta Blue, Pigment Blue 15 products are manufactured and (3) Dahej SEZ Limited (10,800MTPA) where CPC Blue, Alpha and Beta Blue is manufactured.

The Pigment division derives ~80% of its net sales from exports. The customers comprise mainly MNCs which are leading players in their respective industries. Our relationship with our clients is sticky with 90% business from repeat customers. The Company has a global distribution network with 70 overseas distributors; subsidiaries in the US, Europe, Indonesia & Dubai and representative office in China. We also have warehouses in Belgium, Turkey, Russia, USA and Uruguay.

## 3. Performance of Pigment Business

Net sales from Pigment business increased to ₹ 4,244 mn in FY15, up 7.5% YoY. Major contribution came from Dahej SEZ unit which operated at a reasonable scale for the first time. Margins also improved due to rationalization of the product mix with commissioning of the new SEZ unit. The table below shows net sales and margins of the Pigment division compared with last year.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Plant wise Performance:**

<b>Particulars</b>	<b>31.03.2015 ₹ in Mn</b>	<b>31.03.2014 ₹ in Mn</b>
<b>Domestic</b>		
Pigments-Vatva	82.19	112.87
Pigments- Panoli	636.63	608.44
Pigments- Dahej SEZ	40.23	0.11
<b>Total</b>	<b>759.05</b>	<b>721.42</b>
<b>Exports</b>		
Pigments-Vatva	1025.39	1342.01
Pigments- Panoli	1852.21	1830.45
Pigments- Dahej SEZ	607.62	54.71
<b>Total</b>	<b>3485.22</b>	<b>3227.17</b>
<b>Grand Total</b>	<b>4244.27</b>	<b>3948.59</b>

#### **4. Strategy of the Company**

We have forayed into the untapped Japanese market with Hysol solvent based Pigments, which is preferred over pigments manufactured by other materials. The Company's Dahej facility is fully equipped to manufacture Hysol solvent based Pigments. Over the medium term, we aim to benefit from increasing utilization at our Dahej facility.

We will also focus on value added products and have few products such as Beta blue 15:4 and 15:2 in advanced stages of Research & Development. Additionally, we plan to increase presence in the high growth and high margin paints & plastics market leading to better margins.

#### **5. Risks, Concerns and Threats – Pigments**

Fluctuating and volatile prices of key raw materials coupled with an increasingly stringent regulatory environment, are critical challenges to this industry. Since we derive significant portion of our business from exports, volatility of the Rupees vis-à-vis Dollar and Euro may affect our realizations. We also face competitive pressures, including competition from Chinese manufacturers who have installed large scale plants for pigments. We compete in quality, technical competence, backward integration, logistics facilities, after sales service and customer relationships. Changing competitive environment may impact our business and future prospects.

## **II. Agrochemicals**

### **1) Industry Structure**

#### **Industry breakdown by categories**

There are broadly 5 categories of crop protection products:

- **Insecticides:** Manage the pest population below the economic threshold level
- **Fungicides:** Prevent the economic damage due to fungal attack on crops
- **Herbicides:** Prevent/ inhibit/ destroy the growth of unwanted plants in a crop field
- **Bio pesticides:** These are derived from natural substances like plants, animals, bacteria and certain minerals. These are non-toxic & environmental friendly
- **Others (Fumigants, Rodenticides, Plant growth regulators etc.):** Fumigants and rodenticides are the chemicals which protect the crops from pest attacks during crop storage. Plant growth regulators help in controlling or modifying the plant growth process and are usually used in cotton, rice and fruits.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Global Market to reach \$ 243 bn by 2018**

The global population currently stands at 7 bn, and is expected to rise to 9.3 bn by 2050. This will require increase in global food production by 70% in order to meet the rising demand. Globally, up to 40% of crop output is lost due to attack of pests, weeds and diseases. To overcome these challenges, it is essential to use crop protection chemicals. Use of crop protection chemicals can increase crop productivity up to 50%. (Source: Agrochemicals Report, Tata Strategic Management Group and FICCI)

Global Agrochemical market is expected to grow from an estimated \$204 bn in 2013 to \$243 bn by 2018, at a CAGR of 3.6% from 2013 to 2018. Asia-Pacific leads the market for Agrochemicals followed by Latin America, North America and Europe. (Source: MarketsandMarkets)

Growth is expected to be driven more by realizations than volumes, owing to the increasing cost of pesticides. Presently, the cost of innovation and registration of an active ingredient is about \$200 mn, 25% increase from 2000. The pressure, therefore, is for the agriculture industry to increase yields per acre, which can be achieved through increased usage of agrochemical products. Also companies globally are focusing on Research and Development and product innovation to survive intense competition.

### **Agrochemicals for enhancing food and nutrition security of India**

At 1.2 bn, India is the second most populous country after China and is expected to surpass China by 2028. However, Indian agriculture is facing a critical challenge of maintaining food and nutrition security for the burgeoning population. Moreover, increasing urbanization, reduction in arable land, decreasing farm size, low per hectare yield as compared to global average and increasing pest attacks further strengthen the need for agrochemicals.

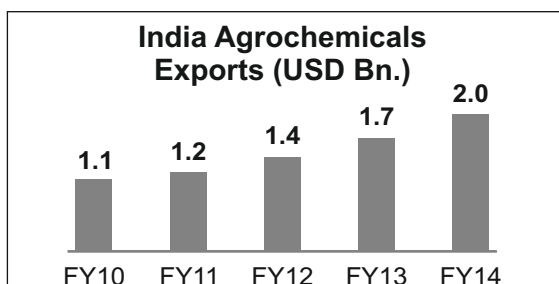
The Indian crop protection industry was estimated at \$4.3 bn in 2014 and is expected to grow at a CAGR of 12% to reach \$7.5 bn by 2019. Exports currently constitute almost 50% of Indian crop protection industry and are expected to grow at a high CAGR of 16% to reach \$4.2 bn by FY19, resulting in 60% share in Indian crop protection industry. Domestic market on the other hand would grow at 8% CAGR, as it is predominantly monsoon dependent, to reach \$3.3bn by FY19. India ranks fourth as a supplier of agrochemicals in the global market, after USA, Japan and China thereby indicating the significance of agrochemical industries in India. (Source: Agrochemicals Report, Tata Strategic Management Group and FICCI)

The Indian crop protection market is dominated by Insecticides with 60% share. Fungicides and Herbicides are largest growing segments accounting for 18% and 16% of total crop protection chemicals market.

India's agrochemical industry can be divided into producers of technical agrochemicals - the bulk actives - and formulators who compound actives in forms that enable use. In India there are 125 technical grade manufacturers, 800 formulators producing the end products, 145,000 distributors and end use customers. Most Indian technical manufacturers are focused on off-patent pesticides. More than 60 technical grade pesticides are being manufactured indigenously.

### **Key Opportunities for Indian agrochemical companies**

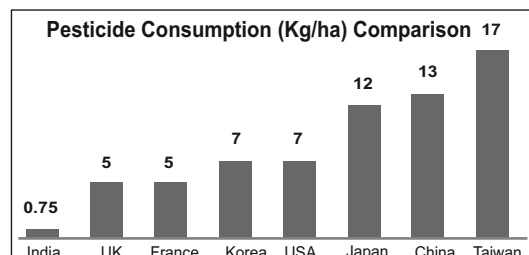
**Robust export opportunities:** Globally, India is the 13th largest exporter of pesticides. India's capability in low cost manufacturing, availability of technically trained manpower, better price realization globally and strong presence in generic pesticide manufacturing are the key growth drivers



## **MANAGEMENT DISCUSSION AND ANALYSIS**

**Opportunities in generic products:** Agrochemicals worth \$6.3bn are expected to be taken off-patent list by 2020. This provides significant export opportunities for Indian companies which have expertise in generic segment. Top 6 importing nations constitute only 44% of India's agrochemical exports

**Lowest pesticides consumption:** Per hectare consumption of pesticides in India is amongst the lowest in the world at ~0.7 kg/ha. At 13 kg/ha China is almost 20-30 times as compared to India. In order to increase yield and ensure food security for its enormous population, agrochemicals penetration in India is bound to go up



**Growth in herbicides and fungicides:** Labor shortage, rising labor costs and growth in genetically modified crops has led to growth in the use of herbicides. The herbicide consumption in India currently stands at \$0.3 bn and is expected to grow at a CAGR of 15% over the next five years. Fungicide industry in India has grown due to the growth in Indian horticulture industry, which has grown at a CAGR of 7.5% over the last five years

**Opportunities in contract manufacturing:** Availability of cheap labour and low processing costs offer opportunity for MNCs to setup their manufacturing hubs in India for their export markets. The sector is also driven by huge opportunity for contract manufacturing and research for Indian players due to large availability of technically skilled manpower

### **2. Business Overview**

The Company is a leading Agrochemical player with product offering encompassing the entire value chain—intermediate, technical grade & formulation (bulk & branded). This vertical integration of the business allows us to effectively manage our raw materials costs and assures a constant supply of consistent quality.

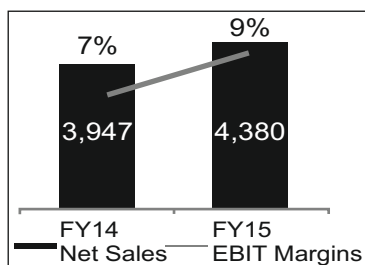
The agrochemicals industry is highly regulated and we enjoy competitive advantage via 215 export registrations; 400 registrations in pipeline; 247 CIB registrations; 27 registered trademarks. The segment derives ~70% of its net sales from exports.

The Company produces commonly used pesticides for crop and non-crop applications such as public health, insect control in wood preservation and food grain storage. Major products include 2,4-D, Cypermethrin, Permethrin, MPB, CMAC, Profenophos. The Company has also established PAN India presence in the branded agro market through more than 1,000 stockiest, agents, distributors and dealers. We also own sales force in 17 states including Karnataka, Punjab, Andhra Pradesh, Maharashtra, Madhya Pradesh, Rajasthan and Gujarat. Key brands include Megastar, Megacyper, Megaban, Synergy, Courage.

We have three state of the art manufacturing facilities in 1) GIDC Ankleshwar (6,660 MTPA); 2) GIDC Panoli (3,600 MTPA); 3) GIDC Dahej (8,940 MTPA).

### **3. Performance of Agrochemicals Business**

Net sales from Agrochemicals increased to ₹ 4,380 mn in FY15, up 10.2% YoY driven by increase in production volumes and sale realisations of MPB, Profenophos and Permethrin. The table shows net sales and margins of the Agrochemicals division compared with last year.



**MANAGEMENT DISCUSSION AND ANALYSIS****Plant wise Performance:**

Particulars	31.03.2015 ₹ in Mn	31.03.2014 ₹ in Mn
<b>Domestic</b>		
Agro –Chharodi	34.95	23.79
Agro –Ankleshwar	333.27	386.27
Agro –Panoli	494.53	178.43
Agro –Dahej	420.99	430.55
<b>Total Domestic</b>	<b>1283.74</b>	<b>1019.04</b>
<b>Exports</b>		
Agro –Chharodi	0	184.47
Agro –Ankleshwar	1904.43	1815.03
Agro –Panoli	641.16	611.86
Agro –Dahej	550.37	343.47
<b>Total Exports</b>	<b>3095.96</b>	<b>2955.23</b>
<b>Grand Total</b>	<b>4379.70</b>	<b>3974.27</b>

**4. Strategy of the Company**

We plan to increase the branded revenue to ₹~2.5 bn in the next 3 years. For this, we aim to increase our PAN India distribution network for which an exclusive supply chain management department for the formulation products has already been set up. Both the marketing and supply chain department are headed by Industry veterans with experience between 15 and 30 years.

We will continue to invest in new registrations in regulated markets like USA, Brazil and European Union. The Company will invest funds in data generation in the current year and in registrations, which could then be used also in non-regulated markets. We already have 400 registrations in the process stage. Being a manufacturer and distributor of existing molecules with expired patents, registrations are key to increase exports.

We will continue to focus on sweating of current assets increasing utilization at the existing plants. With increasing companies setting manufacturing hubs in India, we will also leverage on the CRAMS opportunity to boost revenues.

**5. Risks, Concerns and Threats – Agrochemicals**

Despite strong growth drivers, Indian agrochemicals industry faces challenges in terms of low awareness among farmers about agrochemical products and their usage. Also rising sale of spurious pesticides and spiked bio pesticides pose a major threat to industry growth.

We export our products to various countries and thus any adverse changes in the political, climatic, economic, regulatory and social conditions of these countries might impact our business prospects in these countries. Any change in the policies implemented by the governments of these countries which result in currency and interest rate fluctuations, capital restrictions, changes in duties & taxes and also registrations regime that are detrimental to our business could adversely affect our operations and future growth. The increase in crude prices will also have an impact on the costs and prices of various products.

We operate in a competitive environment and compete with international as well as domestic players on various fronts such as quality, technical competence, distribution channels, logistics facilities, after sales service and customer relationships. Threat of illegal, cheap imports from China is ever present and becoming a big factor in performance of local Indian producers.

The performance of Indian agrochemical industry is dependent on monsoon. The erratic rainfalls affect the crop acreages, pest application and overall productivity directly impacting our sales performance.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **III. Basic Chemicals**

#### **1) Industry Structure**

##### **Global ChlorAlkali Industry growing at 6% CAGR (2014-2019); India the fastest growing market**

The global ChlorAlkali market was estimated at \$70 bn in 2014 and is expected to grow at a CAGR of 6.0% to reach \$94 bn by 2019. In terms of quantity, consumption is projected to grow from 193 million tonne in 2014 to 224 million tonne by 2019, at a CAGR of 3.0%. The Asia-Pacific region was the world's largest market for ChlorAlkali products in 2013 and is expected to be till 2019. China is the key consumer of Chlorine, Caustic Soda and Soda Ash in Asia-Pacific whereas India is expected to be the fastest growing market of ChlorAlkali in Asia-Pacific as well as the World. (Source: MarketsandMarkets)

##### **Chlor Alkali Industry in India poised to grow as the Indian economy grows**

The market for Chlor Alkali in India is projected to grow at a CAGR of ~7% during 2014-19 driven by growth in end user industries. The market is broadly categorized into three segments, namely Caustic Soda, Chlorine and Soda Ash. Among the three market segments, Caustic Soda held the highest revenue share in 2013, followed by Chlorine and then Soda Ash. Products made from Caustic Soda and Chlorine are used every day by people and they have become an integral part of our lifestyle. Caustic Soda and Chlorine are the basic building blocks of economy. Caustic demand relates to manufacturing activities and chlorine relates to infrastructure / construction activities. (Source: TechSci Research)

Caustic Soda finds major application in diverse industries, such as soap & detergents, pulp & paper and textile processing CPW (Chloro Paraffin Wax), Organic and In Organic Chloro solvent among others. Chlorine is produced as a co-product during Caustic Soda production and is widely used during PVC manufacturing, Alumining, Dyes & Dyes intermediates, various Organic and Inorganic Chemicals. drinking water disinfection and pharmaceutical production. Soda Ash is used mainly during glass, soap & detergent and silicate production.

##### **Chlorine & Caustic Soda Production**

Caustic Soda and Chlorine are produced together in the ratio of 1:0.88 through electrolysis of salt, whereas, Soda Ash is produced using a different process. On account of their co-production, the market dynamics for Caustic Soda and Chlorine are heavily influenced by each other. Internationally, it is Chlorine based, whereas, in India, it is influenced by Caustic Soda. Globally greener and energy efficient membrane technology is widely used.

The major input cost in Chlor Alkali industry is power and salt. In case of Caustic Soda, power constitutes more than 60% of the cost of production.

In India, there are 35 manufacturers of Caustic Soda with Gujarat being the largest Caustic Soda producing state. However, the installed capacity in India is much lower than China. Currently, the world production of Caustic Soda is 80 million MTPA while India's capacity is merely 3.5 million tonnes i.e. ~4% of the world capacity, while china has a capacity of 28 mn tonnes i.e 35% of the world capacity. Similarly, Soda Ash capacity of the world is 55 million tonnes. China and US are the biggest producing countries accounting for 40% and 20.5% of total global Soda Ash capacity respectively, while India's capacity is only 3.2 million tonnes. (Source: Alkali Manufacturers' Association of India).

#### **2. Business Overview**

The Company entered the Basic Chemicals segment in 2009. It has an installed capacity of 166,600 MTPA at the Dahej plant, making it the fourth largest Caustic-Chlorine flakes capacity in India. The current product portfolio includes Caustic Soda, Chlorine & Hydrogen. The Company is using the latest Fourth Generation Membrane Cell Technology from Asahi Kasei Chemical Corporation (AKCC) Japan, one of the most established technology providers for the manufacture of ChlorAlkali products.

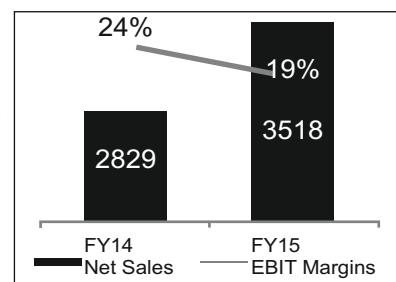
The Company has a captive power plant of 60MW, leading to low power cost and high margins as power cost is ~60% of total raw material cost in Caustic Soda production.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Dahej facility is strategically located due to its proximity to port providing ease of importing coal and proximity to chemical manufacturers. The Company is supplying Caustic and Chlorine by pipeline to select buyers reducing logistics costs substantially.

**3. Performance of Basic Chemicals**

Net sales from Basic Chemicals increased to ₹ 3,518 mn in FY15, up 24.4% YoY. Growth was driven by increase in production capacities from 340 TPD to 476 TPD from July 2014. However margins were impacted due to imposition of electricity duty on captive power plant with exemption period getting over. The table below shows net sales and margins of Basic Chemicals division compared with last year.

**4. Strategy of the Company**

We are diversifying our product mix by setting up a Caustic Potash facility in Dahej. The capacity of the facility will be 60 MT/day. The project will cost ₹ 650 mn and will be financed from internal accruals. The new plant will share the ready infrastructure, manpower and installed utilities with the Caustic-Chlorine facility, leading to economies of scale. The commercial production at the plant is expected to start by December 2015. The Company expects revenue of ₹ 1,300 mn and PBT of ₹ 170 mn for the full FY 2016-17.

Caustic Potash is one of the very few chemicals with universal application. The largest users of Caustic Potash are the Soap, Detergent, Fertilizers and Chemical Companies. The minor users for the Caustic Potash are Molten Salt, Dyes, Pharmaceuticals and Photography. Caustic Potash has also played a crucial role in identification of metallic element, and continues to be important in research science, medicine, household cleaners and several industrial processes.

**5. Risks, Concerns and Threats - Basic Chemicals**

We operate in a competitive environment and compete with international as well as domestic players on various fronts such as quality, technical competence, distribution channels, logistics facilities, after sales service and customer relationships. Dumping of Caustic Soda from neighboring countries, which if happens, might impact the ECU (Electrochemical Unit) realizations.

**Internal Control System**

The Company has a proper and adequate system of Internal Control commensurate with its size and the nature of its operation to ensure that all the assets are safeguarded and protected against unauthorized use or disposition, true and fair reporting and compliance with all the applicable regulatory laws and company policies. Internal Audit Reports are reviewed by the Audit Committee of the Board.

The following ratios reflect the consolidated financial performance for the year in relation to the previous year.

Particulars	31.3.2015 (₹ mn)	31.3.2014 (₹ mn)
Net Sales	12,678	11,569
EBITDA	2,031	1,959
PBT	600	542
PAT before Minority	460	355
PAT after Minority	439	228
<b>Key Ratios</b>		
Net Sales Growth	9.6%	11.2%
EBITDA Margin	16.0%	16.9%
ROE	8.2%	4.5%
D/E ratio	1.2	1.5
EPS	1.7	0.9

\* \* \* \*



## **CORPORATE GOVERNANCE**

The Directors present the Company's report on Corporate Governance which sets out systems and processes of the Company, as set out in Clause 49 of the listing agreement and some of the practices followed by the Company on Corporate Governance, for the financial year ended 31st March, 2015.

SEBI has issued a Master Circular No. SEBI/CFD/DIL/CG/2004/12/10 dated October 29, 2004 on Clause 49 of the Equity Listing Agreement. The amendments to master Circular has been issued vide Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15th September, 2014. Accordingly the revised Clause 49 has become applicable to all listed companies with effect from October 01, 2014.

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

The Directors and Management of the Company and its subsidiaries are committed to maintain high standards of Corporate Governance in conducting its business and ensure that an effective self regulatory mechanism exists to protect the interest of our stakeholders (Investors, Customers, Suppliers and Government) and Singapore Depository Shareholders.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchange.

The Company has complied with the requirements of the Corporate Governance in terms of Clause 49 of Listing Agreement executed with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchanges Limited (BSE) and for Singapore Stock Exchange, Code of Corporate Governance issued by MAS on 2<sup>nd</sup> May 2012.

The Board of Directors presents a composite Corporate Governance report on the compliance of the Indian and Singapore Listing requirements in the following paragraphs.

### **2. Board of Directors**

#### **(a) Composition :-**

<b>Category</b>	<b>No. of Directors</b>	<b>%</b>
Non Executive and Independent Directors	6	55%
Executive Director	5	45%
<b>Total</b>	<b>11</b>	<b>100%</b>

The Chairman of the Board of Directors is Executive and from Promoter Category.

**The composition of Board is in compliance with listing agreement requirements of NSE and BSE.**

The Composition of Board of the Company is complying with the requirements of Singapore Stock Exchange – Code of Corporate Governance Guide Line 2.2. The Singapore Stock Exchange has exempted the Company from the requirements of two resident directors on the Board.



**CORPORATE GOVERNANCE**

Name of Director	Designation	Category	Directorship in other Public Limited Companies	Committee Membership of other companies
Mr. Jayanti Patel	Executive Chairman	Executive	4	Nil
Mr. Ashish Soparkar	Managing Director	Executive	5	Nil
Mr. Natwarlal Patel	Managing Director	Executive	8	Nil
Mr. Ramesh Patel	Executive Director	Executive	7	Nil
Mr. Anand Patel	Executive Director	Executive	5	Nil
Mr. Chinubhai Shah	Independent Director	Non- Executive	9	6
Mr. Balkrishna Thakkar	Independent Director	Non – Executive	1	Nil
Mr. Jayaraman Vishwanathan	Independent Director	Non – Executive	Nil	Nil
Mr. Kantibhai Patel	Independent Director	Non – Executive	Nil	Nil
Mr. Chander Kumar Sabharwal	Independent Director	Non - Executive	1	Nil
Ms. Urvashi Shah*	Independent Director	Non - Executive	1	Nil

\*Appointed on 27th March, 2015

As required under Section 149(3) of the Companies Act, 2013, Ms Urvashi Shah, a Woman Director, has been appointed as Non Executive Independent Director on the Board.

**LIMIT ON NUMBER OF DIRECTORSHIP**

As per Section 165 of the Companies Act, 2013 none of the director is holding directorship in more than 10 Public Limited Companies.

As per Clause 49 of Listing Agreement, none of the Independent Director is serving as an Independent director in more than 7 (seven) listed companies.

None of the director is appointed in 10 Committees or is acting as Chairman in more than 5 Committees across all companies in which he is director.

**MAXIMUM TENURE OF INDEPENDENT DIRECTORS**

At the last Annual General Meeting held on 28th July, 2014 Mr. Chinubhai R Shah, Mr. B T Thakkar and Mr. Chander Kumar Sabharwal were appointed for a period of 5 years.

**SEPARATE MEETING OF INDEPENDENT DIRECTOR**

The Company had facilitated independent directors to hold the separate meeting of independent directors on 09th February, 2015, without the attendance of non-independent directors and members of management.

**FORMAL LETTER OF APPOINTMENT**

A formal letter of appointment was issued to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

**NON EXECUTIVE DIRECTORS' COMPENSATION & DISCLOSURES**

The Board has fixed the sitting fees payable to independent directors. The requirement of obtaining prior approval of shareholders in general meeting was not required as the sitting fees payable was within the limits prescribed under the Companies Act, 2013.

## **CORPORATE GOVERNANCE**

### **TRAINING OF INDEPENDENT DIRECTOR**

Newly appointed Director receives appropriate training, if required. In addition, the Board is provided with regular updates with respect to new laws and regulations in order to adapt to the changing commercial risks relating to the business and operations of the Group. The Management regularly updates and familiarizes the Directors on the business activities of the Company during the Board meetings.

The Director is also explained in detail the compliances required under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and his affirmation taken with respect to the same.

### **(b) Attendance of Directors at Board Meetings and Annual General Meeting**

The details of attendance of the Directors at the Board Meeting during the year and at Annual General Meeting are given below:

<b>Name of Director</b>	<b>Position</b>	<b>Board Meeting attended</b>	<b>AGM Attended</b>
Mr. Jayanti Patel	Executive Chairman	4	Yes
Mr. Ashish Soparkar	Managing Director	3	Yes
Mr. Natwarlal Patel	Managing Director	4	Yes
Mr. Ramesh Patel	Executive Director	3	Yes
Mr. Anand Patel	Executive Director	4	Yes
Mr. Chinubhai Shah	Independent Director	3	Yes
Mr. Balkrishna Thakkar	Independent Director	4	Yes
Mr. Jayaraman Vishwanathan	Independent Director	4	No
Mr. Kantibhai Patel	Independent Director	4	Yes
Mr. Chander Sabharwal	Independent Director	4	No
Ms. Urvashi Shah*	Independent Director	N.A.	N.A.

\*Appointed on 27<sup>th</sup> March, 2015

### **(c) Number of Board meetings held**

During the financial year ended on 31<sup>st</sup> March, 2015, Four meetings of the Board of Directors were held and the gap between two meetings did not exceed One hundred and Twenty days. The Board meetings were held on: 23.05.2014, 04.08.2014, 03.11.2014 and 09.02.2015

The last Annual General Meeting was held on **28<sup>th</sup> July, 2014**.

Minimum four Board meetings are held in each year. Apart from the four prescheduled Board meetings, the meetings would also be convened to address specific needs of the Company.

The Company in consultation with the Directors prepares the annual calendar of meetings and circulates a tentative Schedule for the meeting of the Board and Committee in order to facilitate the Directors to plan their schedules.

The meetings are usually held at Corporate Office of the Company situated at **Meghmani House, Shreenivas Society, Vikas Gruh Road, Paldi, Ahmedabad-380 007**.

## CORPORATE GOVERNANCE

Agenda and Notes on Agenda are circulated to the Directors in advance in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful discussion. Where it is not practicable the same is tabled before the meeting. The following are generally tabled for information and review of the Board.

- Annual Operating Plans, budget and any updates.
- Capital budgets and any updates.
- Quarterly results of the Company and operating divisions or business segments
- Minutes of meeting of Audit Committee and Other committees of the Board
- Materially important show cause Notice, demand prosecution and penalty notices.
- Any fatal or serious accident
- Any material relevant default in financial obligations to and by the Company or substantial non payment by the customer for goods sold.
- Details of any Joint Venture or Collaboration Agreement.
- Transaction that involves substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problem and their proposed solutions. Any significant development on the Human resources /Industrial relations front like signing of a wage settlement.
- Quarterly details of Foreign Exchange exposures and steps taken by management to limit the risks.
- Non compliance of any regulatory, statutory or listing requirements.
- Any materially significant effluent or pollution problems.
- Any issue which involves Public or Product liability
- Sale of material nature of investments, subsidiary assets which are not normal course of business.

### **Post Meeting Follow-up Mechanism**

The Company has an effective post meeting follow-up, review and reporting process mechanism for the decisions taken by the Board/Committees. Important decisions taken at the Board/Committee meetings are communicated to the concerned Functional Heads promptly. Action Taken Report on decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee members.

### **Recording Minutes of proceedings at Board and Committee Meetings:**

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. The Draft minutes are circulated to the members for their comments.

### **Compliance:**

While preparing the Agenda adequate care is taken to ensure adherence to all applicable laws and regulations including the Companies Act, 2013 read with the Rules made there under. The Board periodically reviews all statutory compliance reports of all laws applicable to the Company.

### **3. COMMITTEES OF THE BOARD**

Currently, there are five Board Committees:—

- (1) Audit Committee,
- (2) Nomination Committee
- (3) Remuneration Committee
- (4) Shareholders/ Investors Grievances, share Allotment, Share Transfer & Stake Holders Relationship Committee
- (5) Corporate Social Responsibility Committee
- (6) Risk Management Committee

## **CORPORATE GOVERNANCE**

The Company had a Risk Management Committee with defined role and responsibilities. During the year under review, the Committee was reconstituted in the compliance of requirement of clause 49 of the listing agreement.

The terms of reference of the Board Committees are determined by the Board from time to time. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

### **3. Audit Committee**

#### **3.1 Terms of Reference :-**

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors and has full access to financial information. The Committee is governed by regulatory requirements mandated by the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The terms of reference of the Audit Committee are as set out in Clause 49 of the Listing Agreement read with Section 177 of the Companies Act, 2013. The Audit Committee reviews the financial statements of all Subsidiaries of the Company and also performs the following functions:

- (a) to review the audit plan and Company's external auditors report;
- (b) to recommend appointment, remuneration and terms of appointment of auditors of the Company;
- (c) to review the financial statements of the Company before their submission to the Board;
- (d) to review with management the quarterly financial statements of the Company before their submission to the Board;
- (e) to review co-operation given by the Company's officers to the external auditors;
- (f) to discuss nature and scope of audit before audit commences with statutory auditors;
- (g) to review the scope and results of internal audit procedures;
- (h) to nominate external auditors for re-appointment;
- (i) to review with management performance of Statutory and Internal auditors and adequacy of the internal control system
- (j) to evaluate internal financial controls and risk management system
- (k) to scrutinise inter-corporate loans and investments
- (l) to discuss with internal auditors any significant findings and follow up thereon
- (m) to approve or any subsequent modification of the transaction with related parties
- (n) to generally undertake such other functions and duties as may be required by statute or by the Listing Manual, and by such amendments made thereto from time to time.
- (o) to grant omnibus approval for related party transactions which are in the ordinary course of business and on an arms length pricing basis and to review and approve such transactions

#### **3.2 Composition of Committee:-**

The Audit Committee comprises of three Independent Non Executive Directors. Mr. Balkrishna Thakkar is the Chairman of the Committee. Mr. K. D. Mehta, Company Secretary, acts as the Secretary of the Audit Committee

#### **3.3 Meeting and Attendance :-**

The Committee met four times during the year on 23.05.2014, 04.08.2014, 03.11.2014 and 09.02.2015

**CORPORATE GOVERNANCE**

Name of the Director	Category of directorship	Qualification	No. of meetings attended
Mr. Balkrishna Thakkar	Chairman - Independent Director	FCA - Institute of Chartered Accountant of India (ICAI)	4
Mr. Chinubhai Shah	Member- Independent Director	MALLM FCS- Institute of Company Secretaries of India (ICSI)	3
Mr. Jayaraman Vishwanathan	Member - Independent Director	FCA - Institute of Chartered Accountant of India (ICAI)	3

In addition to the above, the Committee meetings were also attended by, Vice President (Finance & Accounts), Statutory Auditors and Internal Auditors.

**REVIEW OF INFORMATION BY AUDIT COMMITTEE (AC)**

Audit Committee has reviewed and satisfied that the Company's internal audit function adequately resourced and has appropriate standing within the Company. Audit Committee has also reviewed:-

- (1) Management Discussion and Analysis of financial condition and results of operation:
- (2) Statement of significant related party transactions submitted by management:.
- (3) Internal Audit Reports relating to internal control weaknesses:

**INTERNAL AUDIT FUNCTION**

The Company has outsourced the internal audit function to a professional firm M/s M Hawa & Associates, Chartered Accountants. The Internal Auditor reports directly to the Chairman of the Audit Committee ("AC") on internal audit matters.

**SINGAPORE EXCHANGE LIMITED (SGX) LISTING RULE 1207(6)**

The Audit Committee has reviewed and confirmed that all non-audit services provided by the auditors have not affected the independence of the auditors.

**SINGAPORE EXCHANGE LIMITED (SGX) LISTING RULE 1207 (10)**

The Board with the concurrence of Audit Committee (AC) is of the opinion that the Company's internal audit control system is adequate to address financial, operational and compliance risks.

To ensure the adequacy of the internal audit function, the Audit Committee reviews and approves, on an annual basis, the internal audit plans and the resources required to adequately performing this function.

**ASSURANCE FROM CEO AND CFO**

The Board has received assurance from Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) to ensure that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the effectiveness of the Company's Risk Management and Internal Control systems are operating effectively in all material respects, based on the criteria for effective internal control established.

**4. Nomination Committee****4.1 Terms of Reference :-**

The Nomination Committee (NC) aims at establishing a formal and transparent process for the appointment and re-election of Directors. The Nomination Committee is responsible to:

- (a) Make recommendations to the Board on the appointment of new executive and non-executive directors;
- (b) Review the Board structure, size and composition, having regard the principles of the Code;
- (c) Assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- (d) Put in place plans for succession, in particular, for the Chairman of the Board and Chief Executive Officer of the Group;

## **CORPORATE GOVERNANCE**

- (e) Determine, on an annual basis, whether a director is independent taking into account the circumstances set forth in **Guideline 2.1 of the Corporate Governance Code of Singapore Exchange**
- (f) Make recommendations to the Board for the continuation in services of any Executive Director who has reached the age of 70 (seventy) years;
- (g) Recommend directors who are retiring by rotation to be put forward for re-election;
- (h) Decide whether or not a director is able to and has been adequately carrying out his duties as a director of the Company, particularly when he has multiple board representations;
- (i) Recommend to the Board internal guidelines to address the competing time commitments faced by directors who serve on multiple boards;
- (j) Assess the effectiveness of the Board as a whole and for assessing the contribution of each individual director to the effectiveness of the Board on an annual basis
- (k) Devising a policy on Board diversity;
- (l) Formulation of the criteria for determining qualifications, positive attributes and independence of a director;

The search and nomination process for new directors are through personal contacts and recommendations of the Director. NC will review and assess candidates before making recommendation to the Board. NC will also take the lead in identifying, evaluating and selecting suitable candidate for new directorship. In its search and selection process, NC considers factors such as commitment and the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board and Board Committees.

In line with **Guideline 2.4 of the Corporate Governance Code of Singapore Exchange**, NC had performed a rigorous review to assess the independence of the Independent Director, Mr. C R Shah and Mr. B T Thakkar and considers that they are independent even though they have served on the Board beyond 9 years.

The relevant factors that were taken into consideration in determining the independence are:-

- (1) Very rich experience and wealth of knowledge
- (2) Active participation in the proceedings and decision making process of the Board and Committee Meetings;
- (3) Deep insight into the business of the Company and possesses experience and knowledge of the business;
- (4) Qualification and expertise which provides reasonable checks and balances for the Management;
- (5) Providing overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests.

NC has adopted a formal system of evaluating Board performance as a whole and the contribution of each individual director. An evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice.

Each member of the NC shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

The results of the evaluation exercise were considered by NC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively.

### **4.2 Composition of Committee:-**

The Nomination Committee comprises of two Independent – Non Executive Director and one Executive Director. Mr. Chinubhai Shah is the Chairman of the Committee. Mr. K. D. Mehta Company Secretary acts as the Secretary of the Committee. Mr. Kantibhai Patel was inducted with effect from 31<sup>st</sup> March, 2015.

**CORPORATE GOVERNANCE****4.3 Meetings and attendance during the year:-**

The Committee met on 06.05.2014. The particulars of meeting attended by members of the Committee are given below:

Name of the Director	Status	No. of Meetings held
Mr. Chinubhai Shah	Chairman - Independent Director	1
Mr. Balkrishna Thakkar	Member - Independent Director	1
Mr. Jayanti Patel	Member – Executive Director	1

**4.4.1 Remuneration Committee (RC)****Terms of Reference:-**

- Recommend to the Board a framework of remuneration and specific remuneration packages for all Directors of the Company, Key Managerial Personnel and other employees and determine specific remuneration packages for each Director.;
- Review the service contracts of the Executive Directors;
- Carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the Remuneration Committee by the Board of Directors from time to time;
- Reviewing and enhancing on the compensation structure to incentive performance base for key executives;
- Ensure that the remuneration packages are comparable within the industry and comparable companies and include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive director's performance.
- To facilitate the transparency, accountability and reasonableness of the remuneration of Director and Senior Management Personnel.
- Remuneration Committee will recommend to the Board a framework of remuneration for the Directors,
- All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee.

Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

**4.4.2 Composition of Committee**

The Remuneration Committee comprises of two Independent Non Executive Directors and one Executive Director. Mr. Chinubhai Shah is the Chairman of the Committee. Mr. K. D. Mehta, Company Secretary, acts as the Secretary of the Committee. Mr. Kantibhai Patel was inducted with effect from 31<sup>st</sup> March, 2015.

**4.4.3 Meetings and attendance during the year:-**

The Committee met on 23rd May, 2014 particulars of meeting attended by members of the Committee are given below:

Name of the Director	Status	No. of Meetings attended
Mr. Chinubhai Shah	Chairman - Independent Director	1
Mr. Balkrishna Thakkar	Member - Independent Director	1
Mr. Natwarlal Patel	Member – Executive Director	1

**4.4.3.1 Remuneration Policy**

The Non Executive Directors of the Company are paid by way of sitting fees. There is no other pecuniary relationship or transaction by the Company with Non Executive Directors.

The Company pays remuneration to its Executive Chairman, Managing Directors and Executive Directors by way of Salary, perquisites and bonus. The remuneration is approved by the Board and is within the over all limits approved by the shareholders.

## **CORPORATE GOVERNANCE**

### **4.4.3.2 Remuneration to all the Directors:-**

During the year, the members at the Annual General meeting held on 28th July, 2014 approved the re-appointment and terms of remuneration payable to Mr. Jayanti Patel Executive Chairman Mr. Ashish Soparkar and Mr. Natwarlal Patel – Managing Directors, Mr. Ramesh Patel and Mr. Anand Patel – Executive Directors for a period of 5 years from 01 April, 2014, under the new Companies Act, 2013.

In FY 2015, the Company has paid minimum remuneration of ₹ 5,00,000/- per month (₹ 60,00,000/- per annum) and perquisites to Mr. Jayanti Patel, Mr. Ashish Soparkar and Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel.

The Company does not have any Employee Share Option Scheme or Employee Stock Option or any long-term incentive scheme in place.

Remuneration and perquisites paid during the FY 2014-2015 to Working Directors are:-

<b>Name of Director</b>	<b>Salary &amp; Perquisites ₹</b>
Mr. Jayanti Patel	6,731,091
Mr. Ashish Soparkar	6,727,483
Mr. Natwarlal Patel	6,727,483
Mr. Ramesh Patel	6,731,091
Mr. Anand Patel	6,727,421
<b>Total</b>	<b>33,644,569</b>

Sitting fees paid during the FY 2014-2015 to Independent Directors are:-

<b>Name of Director</b>	<b>Sitting Fees ₹</b>
Mr. Chinubhai Shah	270,000
Mr. Balkrishna Thakkar	300,000
Mr. Jayaraman Vishwanathan	130,000
Mr. Kantibhai Patel	65,000
Mr. Chander Sabharwal	65,000
<b>Total</b>	<b>8,30,000</b>

The Details of remuneration paid to the Directors are given in **Form MGT – 9 (Annual Return)** as a part of Directors' report.

### **Guideline 9.3 – Code of Corporate Governance - Singapore Stock Exchange**

#### **Remuneration Bands of Less than S\$ 250,000**

<b>Remuneration Band and Name of Director</b>	<b>Directors' Fees</b>	<b>Salary</b>	<b>Bonus</b>	<b>Incentive and benefits</b>	<b>Total</b>
Mr. Jayanti Patel	Nil	89%	Nil	11%	100%
Mr. Ashish Soparkar	Nil	89%	Nil	11%	100%
Mr. Natwarlal Patel	Nil	89%	Nil	11%	100%
Mr. Ramesh Patel	Nil	89%	Nil	11%	100%
Mr. Anand Patel	Nil	89%	Nil	11%	100%

### **Guideline 9.3 – Code of Corporate Governance - Singapore Stock Exchange**

The Company has five Key Management Personnel (who are not directors or the CEO) for the Financial Year ended on 31st March, 2015. Details of the name and remuneration of Key Management Personnel are as follows:-



**CORPORATE GOVERNANCE**

The aggregate remuneration paid to Key Management Personnel (who are not directors or the CEO) for the Financial Year ended 31 March 2015 is S\$ 103,842. (₹ 48.15 = S\$1 )

**Remuneration Bands of Less than S\$ 250,000 – Key Managerial Personnel**

Name	Designation	Salary	Allowances	Other Benefits	Total
Mr. Dinesh Shah	V P (Finance & Accounts)	45%	30%	25%	100%
Mr. Kamlesh Mehta	V P (Company Affairs)	45%	30%	25%	100%
Mr. Yashodhan Chitnis	G M (Export)	45%	30%	25%	100%
Mr. Vasant Patel	G M (Operation)	45%	30%	25%	100%
Mr. Vikram Bhatt	Corporate HR Head	45%	30%	25%	100%

**Guideline 9.4 – Code of Corporate Governance - Singapore Stock Exchange -**

No employees of immediate family members of a Director or CEO have drawn remuneration exceeding S\$ 50,000 during Financial year 2014-2015.

**5. Shareholders'/Investors' Grievance, Share Allotment, Share Transfer and Stakeholder Relationship Committee****5.1 Terms of reference**

- To allot equity shares of the Company,
- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc;
- Issue of duplicate / split / consolidated share certificates;
- Allotment and listing of shares;
- Review of cases for refusal of transfer / transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances;
- And to otherwise ensure proper and timely attendance and Redressal of investor queries and grievances.

**5.2 Composition of Committee:-**

The Committee comprises of two Independent Non Executive Directors and One Executive Director. Mr. Chinubhai Shah is the Chairman of the Committee. Mr. K. D. Mehta Company Secretary acts as Secretary of the Committee.

**5.3 Meetings and attendance during the year:-**

The Shareholders' / Investors' Grievance, Share Allotment, Share Transfer and Stakeholder Relationship Committee were held on 07.05.2014, 04.08.2014, 03.11.2014 and 09.02.2015 .

Name of the Director	Status	No. of Meetings
Mr. Chinubhai Shah	Chairman - Independent Director	4
Mr. Balkrishna Thakkar	Member - Independent Director	4
Mr. Ashish Soparkar	Member – Executive Director	4

**5.4 Details of shareholders' Complaints**

Detail of Complaints received	Nos.
Number of Shareholders' Complaints received from 01.04.2014 to 31.03.2015	0
Number of Complaints not solved to the satisfaction of the shareholder	0
Number of Pending Complaints on 31.03.2015	0

## **CORPORATE GOVERNANCE**

### **6. General Body Meeting:-**

The details of date, time and location of Annual General Meetings (AGM) held in last 3 years and Special resolutions passed are as under :-

<b>Financial Year</b>	<b>Category-Date and Time</b>	<b>Venue</b>	<b>Special – Resolutions passed</b>
2011-12	Annual General Meeting 30 July, 2012 at 10.30 a.m.	HT Parekh Convention Centre, Torrent AMA Centre Ahmedabad Management Association, Atira Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	<ol style="list-style-type: none"> <li>1. To increase the existing ceiling of remuneration payable to Ms. Deval Soparkar, Mr. Ankit Patel and Mr. Karana Patel as per Director' Relatives (office or Place of Profit) Rules 2003.</li> <li>2. Appointment of Mr. Darshan Patel to hold office or place of profit.</li> <li>3. To make loans and /or to make investments in excess of limits prescribed under Section 372 A of the Companies Act, 1956</li> </ol>
2012-13	Annual General Meeting 30 July, 2013 at 09.30 a.m.	HT Parekh Convention Centre, Torrent AMA Centre Ahmedabad Management Association, Atira Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	No Special Resolution passed
2013-14	Annual General Meeting 28 July, 2014 at 10.00 a.m.	HT Parekh Convention Centre, Torrent AMA Centre Ahmedabad Management Association, Atira Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	<ol style="list-style-type: none"> <li>1. Appointment of Mr. Chander Sabharwal</li> <li>2. To authorize to borrow up to ₹ 1000 Crore under Section 180(1)(c) of the Companies Act, 2013</li> <li>3. To authorise to create mortgage / charge over property of the Company of Section 180(1)(a) of the Companies Act, 2013</li> <li>4. To authorise to contribute to charitable and other funds under Section 181 the Companies Act, 2013</li> <li>5. To authorise to give loan &amp; make investments under Section 186 of the Companies Act, 2013</li> <li>6. To re-appoint Mr Jayanti Patel as Executive Chairman of the company for a period of 5 years.</li> <li>7. To re-appoint Mr. Ashish Soparkar as Managing Director of the Company for a period of 5 years.</li> <li>8. To re-appoint Mr. Natwarlal Patel as Managing Director of the Company for a period of 5 years.</li> <li>9. To re-appoint Mr. Ramesh Patel as Executive Director of the Company for a period of 5 years.</li> <li>10. To re-appoint Mr. Anand Patel as Executive Director of the Company for a period of 5 years.</li> <li>11. To authorize Related Party Transactions under Section 188(1) of the Companies Act, 2013</li> <li>12. To approve adoption of new Articles of Association</li> </ol>

**CORPORATE GOVERNANCE**

No Special resolution has been passed last year through Postal Ballot.

At present the Company has not proposed any special resolution through postal ballot.

**7. Disclosures :-****7.1 Disclosure of Material Transactions:- Related Party Transaction**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements

Particulars of Interested Person Transactions under rule 920 of singapore listing Manual for the year ended 31<sup>st</sup> March, 2015 are as under:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 (equivalent to approximately ₹ 4,545,000) and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) (excluding transactions less than S\$100,000 (equivalent to approximately ₹ 4,545,000)	
	Amount in ₹	Amount in S\$	Amount in ₹	Amount in S\$
Matangi Industries	7613980	167524	-	-
Meghmani Finechem Ltd	259669606	5713303	-	-
Meghmani Dyes and Intermediates Ltd	5107407	112374	-	-
Meghmani Industries Ltd	6569321	144540	-	-
Vidhi Global Chemicals Ltd.	649365534	14287471	-	-
Meghmani Pigments	138769235	3053228	-	-
Ashish Chemicals (EOU)	16091250	354043	-	-
Matangi Industries	7613980	167524	-	-
Meghmani Overseas FZE	48244690	1061489	-	-
Meghmani Europe BVBA	130163130	2863875	-	-
Meghmani Organics Inc. USA	471474274	10373471	-	-
PT Meghmani Indonesia	6763475	148811	-	-
Total	1739831902	38280129	-	-

Note – ₹45.45 = S\$1 (Average Rate of Financial Year 2014-2015)

## **CORPORATE GOVERNANCE**

The Company has established procedures to ensure that all the transactions with interested person transactions are reported to Audit Committee and that the transactions are carried out on a normal commercial terms and shall not be prejudicial to the interest of the Company and minority shareholders.

### **7.2. Details of Non Compliance :-**

The Company has complied with the necessary requirements and no penalties or strictures were imposed on the Company either by SEBI, Stock Exchanges or any statutory authority on any matter related to capital markets during the last three years..

### **7.3. Non Mandatory requirements:-**

The Company is complying with the following mandatory requirements laid down by Clause 49 of the Listing Agreement :-

- 1) The Company's financial statements are unqualified.
- 2) The Company has separate posts of Chairman and CEO.
- 3) The internal Auditor is reporting directly to the Audit committee.

### **7.4. Accounting Treatments :-**

In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act, 2013 read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

### **7.5. Corporate Governance of Subsidiaries :-**

The subsidiaries of the Company are managed by experienced Board of Directors. Meghmani Finechem Limited (MFL) need to have on its Board two directors of Meghmani Organics Limited (MOL) - Who are independent.

Mr. Chinubhai R Shah and Mr. Balkrishna Thakar - Independent directors of MOL are appointed on the Board of Meghmani Finechem Limited.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings. Copies of the Minutes of the Audit Committee / Board Meetings of Subsidiary Companies are individually given to all the Directors and are tabled at the subsequent Board Meetings.

### **7.6. CEO Certification:-**

The Managing Director and Chief Executive Officer Mr. Ashish Soparkar, have certified to the Board with respect to the financial statement, internal controls and other matters as required by Clause 49 of the Listing Agreement with the Stock Exchanges.

### **7.7. Auditors' Certificate on Corporate Governance:-**

The Company has obtained a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance prescribed under Clause 49 of the Listing agreement with Stock Exchanges which forms part of this report.

### **7.8. Shareholders Information :-**

This Chapter read with the information given in the section titled Additional Shareholders' information constitutes the compliance report on Corporate Governance.

### **7.9. Code of Conduct :-**

The Company has adopted a code of conduct for its directors and designated senior management personnel. All the Board members and senior management personnel have agreed to follow compliance of code of conduct.

### **7.10. Management Discussion and Analysis Report:-**

This is given as the Separate Chapter in the Annual Report.

**CORPORATE GOVERNANCE****7.11. Insider Trading :-**

All the directors and senior management personnel have affirmed compliance with the Corporate Code laid down by the Board of Directors of the Company. The Executive Chairman, the Managing Directors and Company Secretary have made the necessary certification to the Board of Directors of the Company.

The Company has also announced closure of Trading window to Stock Exchanges as per Securities and Exchange Board of India (Insider Trading) Regulations, 1992 to both the Indian Stock Exchanges.

**7.12. Disclosures regarding Re-appointment of Directors**

As per the Articles of Association of the Company one third of the Directors are liable to retire by rotation every year and if eligible, they offer themselves for re-election by the shareholders at the General Meeting.

There is no Alternate Director being appointed to the Board.

**7.13. Equity shares in Suspense Account**

As per Clause 5A(I) of the Listing Agreement, 2100 Equity shares of ₹ 1/- each are lying in the suspense account which were issued pursuant to the Public issue of Equity shares on Indian Stock Exchanges.

The Voting rights on the shares standing in the suspense account as on 31 March, 2013 shall remain frozen till the rightful owner of such share claims the shares.

**7.14. Immediate Family Member of Director**

Ms. Deval Soparkar, Mr. Karana Patel, Mr. Ankit Patel and Mr. Darshan Patel are immediate family member of a Director.

**7.15. Appointment & Removal of Company Secretary**

The appointment and removal of the Company Secretary is subject to the approval of the Board.

**8 Means of Communication****8.1 Quarterly results**

The Unaudited quarterly/half yearly financial statements are announced within Forty Five days of the end of the quarter. The aforesaid financial statements reviewed by Audit Committee are taken on record by the Board of Directors and are communicated to the Indian and Singapore Stock Exchanges where the Company's securities are listed.

Once the stock exchanges have been intimated, these results are given by way of a press release to news agency and published within 48 hours in two leading daily news papers – one in English and one in Gujarati.

**8.2 Announcement of Financial Result**

The Audited Annual results are announced within sixty days from the end of the last quarter i.e. 31st March to meet with the requirements of Stock Exchange. The Audited Annual financial results were announced on 22 May, 2015. The aforesaid audited annual results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. These results are then given by way of a press release to news agency and published within 48 hours in two leading daily news papers one in English and one in Gujarati. The Audited financial results form a part of the Annual Report which is sent to the Shareholders prior to the Annual General Meeting

**8.3 Website display**

The Company's Official news releases, presentation, policies, financial results, shareholder's general information etc. are displayed on the Company's website [www.meghmani.com](http://www.meghmani.com) News Releases are also sent to Stock Exchanges.

**8.4 Green Initiative for Paperless Communications**

To support the "Green Initiative in the Corporate Governance", an initiative has been taken by the Ministry of Corporate Affairs (MCA). The Company has sent the soft copies of Annual Report 2014-15 to those members whose email ids were registered with the Depository Participants (DPs) after informing them suitably.

## **CORPORATE GOVERNANCE**

### **8.5 Outstanding Singapore Depository Receipt Shares:**

In accordance with terms and conditions of Depository agreement, each holder of SDSs is entitled to present SDSs for cancellation and then receive the corresponding number of underlying shares at Custodian office, subject to all regulatory approvals. This mechanism is under Operative guidelines for the limited two way fungibility under the "issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993".

80,496,300 SDSs each of ₹ 0.50 paise representing 40,248,150 Equity Shares of ₹ 1/-each is outstanding as on 31st March, 2015. The conversion of SDSs in to Equity shares will not have any impact on paid up capital or cash position of the Company.

### **8.6 Reminders to unpaid dividend:**

Reminders for Unpaid dividend are sent to the shareholders as per records every year.

## **9 General Shareholder Information :-**

### **I. Annual General Meeting :-**

<b>Date</b>	Monday, 27 July, 2015
<b>Venue</b>	HT Parekh Convention Centre, Torrent AMA Centre Ahmedabad Management Association, Atira Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad
<b>Time</b>	10.00 a.m.
<b>Last date of receipt of Proxy</b>	Saturday 26 July, 2015 (before 10.00 a.m.)
<b>Posting of Annual Report</b>	On or before 2 <sup>nd</sup> July, 2015

### **II. Financial year :-**

The financial year of the Company is from 01 April to 31 March. The Board meetings for approval of Quarterly financial results during the year ended 31 March, 2015 were held on the following dates:-

#### **Financial Calendar 2014-2015**

First Quarter Results	04 August, 2014
Second Quarter and Half yearly results	03 November, 2014
Third Quarter Results	09 February, 2015
Fourth Quarter & Annual Results	22 May, 2015

#### **Financial Calendar 2015-2016**

First Quarter Results -30.06.2015	Within 45 days from the close of quarter
Second Quarter Result – 30.09.2015	Within 45 days from the close of quarter
Third Quarter Results – 31.12.2015	Within 45 days from the close of quarter
Fourth Quarter - 31.03.2016	Within 60 days from the close of quarter

### **III. Date of Book Closure :-**

Book Closure dates	Monday 20 July, 2015 to Monday 27 July, 2015
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### **IV. Dividend payment :-**

The Board of Directors at their meeting held on 09th February, 2015 had declared and paid interim dividend of ₹ 0.40 per Equity Shares of the face value of ₹ 1/- each for the financial year 2014-2015. The Board has not recommended the final dividend for the Financial Year 2014-2015. The Interim Dividend be considered as Final Dividend.

**CORPORATE GOVERNANCE****V. Listing details of Equity shares:-**

Name of Stock Exchange	Address	Stock Code
National Stock Exchange of India Limited	Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	MEGH.NS
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532865
Singapore Stock Exchange	2 Shenton Way, #19-00 SGX Centre 1 Singapore 068804	MEGH.SI

**Listing details of Debenture Holder:-**

Name of Stock Exchange	Address
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

The listing fee for the financial year 2015-2016 has been paid to the above Stock Exchanges.

**VI. Stock code :-**

The ISIN allotted to the Company's equity shares of face value of ₹ 1/- each under the depository system is **INE974H01013**.

The ISIN allotted to the Company's Non Convertible Debentures of ₹ 1, 00,000/- each for Four years of Series – I and Five years of Series – II respectively are **INE974H07010** and **INE974H07028**.

**VII. Share Market Price data:-**

The Monthly High and Low prices and volumes of Meghmani Organics Limited (MOL) shares at National Stock Exchange (India) Limited (NSE) and Bombay Stock Exchange Limited for the year ended on 31 March, 2015 are as under :-

**National Stock Exchange:- 31.03.2015**

Month	MOL Share Price			No. of shares traded during the month	Turn Over ₹ in lacs
	High ₹	Low ₹	Close ₹		
April – 2014	9.90	8.10	8.65	3492489	315.60
May – 2014	13.10	8.20	12.65	14619412	1688.07
June – 2014	15.00	11.10	12.10	4985748	665.87
July – 2014	13.65	10.75	12.30	3144425	389.57
August – 2014	20.35	12.10	17.10	22018550	3783.18
September – 2014	18.85	15.50	17.50	11448711	1959.32
October – 2014	27.90	16.20	26.65	33257268	7599.57
November – 2014	30.65	24.40	25.95	27228903	7708.34
December – 2014	26.70	17.65	24.20	17752254	4283.99
January – 2015	27.25	21.85	24.25	16124467	3948.35
February – 2015	25.15	16.50	17.30	12910944	2584.55
March – 2015	18.80	14.50	14.85	10627473	1717.39
<b>Total</b>				<b>177610644</b>	<b>36643.80</b>

## **CORPORATE GOVERNANCE**

**Bombay Stock Exchange:- 31.03.2015**

Month	MOL Share Price			No. of shares traded during the month	Turn Over ₹ in lacs
	High ₹	Low ₹	Close ₹		
April – 2014	9.65	8.05	8.55	1788341	161.51
May – 2014	13.10	8.25	12.69	10285113	1182.04
June – 2014	14.95	11.16	12.22	4099744	538.68
July – 2014	13.60	10.72	12.33	2880236	355.76
August – 2014	20.30	12.12	17.12	12384684	2149.58
September – 2014	18.88	15.53	17.47	4887486	834.74
October – 2014	27.95	16.10	26.50	13055291	2954.80
November – 2014	30.70	24.40	26.05	10603195	2993.82
December – 2014	26.70	17.80	24.35	6226236	1503.11
January – 2015	27.25	21.90	24.25	5807373	1424.26
February – 2015	25.50	16.60	17.20	5117847	1017.24
March – 2015	18.80	14.40	14.90	4312905	703.00
<b>Total</b>				<b>81448451</b>	<b>15818.54</b>

### **VIII. Registrar and Transfer Agent :-**

The Company in compliance with SEBI guidelines has appointed **Link Intime India Private Limited** as a common Share Transfer agent for Physical and Electronic form of shareholding.

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

LBS Road, Bhandup (West),

Mumbai 400 078. India.

Tel: +91 22 2596 0320

Fax: +91 22 2596 0329

### **IX. Share Transfer System :-**

Job of Registrar and Transfer Agents is carried out by Link Intime India Private Limited, Mumbai, Transfer and dematerializations of shares are processed by Link Intime India Private Limited, Mumbai. The transfer of shares in depository mode need not be approved by the Company. The Physical transfers of shares are approved by Share Transfer Committee.



**CORPORATE GOVERNANCE****X. Distribution of Shareholding: 31.03.2015**

Category	Shareholders		Shares of ₹ 1/- each	
	Number	Percent	Number	Percent
1-500	40235	71.59	9696945	3.81
501-1000	7821	13.92	6857063	2.70
1001-2000	3801	6.76	6123308	2.41
2001-3000	1331	2.37	3534021	1.39
3001- 4000	595	1.06	2209331	0.87
4001- 5000	676	1.20	3269917	1.29
5001-10000	860	1.53	6583314	2.59
10001- & ABOVE	883	1.57	216040312	84.94
<b>Total</b>	<b>56202</b>	<b>100.00</b>	<b>254314211</b>	<b>100.00</b>

**Share holding pattern: - 31.03.2015**

Category	No. of shares	Value of shares	%
CLEARING MEMBER	2158993	2158993	0.85
OTHER BODIES CORPORATE	19050629	19050629	7.50
FINANCIAL INSTITUTIONS	25072	25072	0.01
FOREIGN INST. INVESTOR	2394154	2394154	0.94
GLOBAL DEPOSITORY RECEIPTS	40343150	40343150	15.86
NATIONALIZED BANKS	4000	4000	0.00
NON NATIONALIZED BANKS	75230	75230	0.03
NON RESIDENT INDIANS	2157750	2157750	0.85
NON RESIDENT (NON REPATRIABLE)	258970	258970	0.10
PUBLIC	59769868	59769868	23.50
PROMOTERS	93641407	93641407	36.82
RELATIVES OF DIRECTOR	34425988	34425988	13.54
TRUSTS	9000	9000	0.00
<b>TOTAL :</b>	<b>254314211</b>	<b>254314211</b>	<b>100.00</b>

**XI. Dematerialization of Shares and Liquidity Distribution: 31.03.2015**

Share Capital	No. of shares	%
Listed Capital	254314211	100.00
Held in Dematerialized form :-		
National Securities Depository Limited	225227542	88.56
Central Depository Services (India) Limited	28834394	11.34
Held in Physical Form	252275	0.10
	254314211	100.00

**Distribution of Shareholding: 12.06.2015 (As per Singapore rules)**

Size of SDS	SDS Shareholders		No. of SDS of ₹ 0.50/- each	
	Number	Percent	Number	Percent
1 - 99	3	0.54	102	-
100-1000	41	7.39	38,300	0.05
1,000 - 10,000	191	34.41	1,385,000	1.72
10,001 - 1,000,000	311	56.04	26,022,598	32.33
1,000,001 & ABOVE	9	1.62	53,050,300	65.90
<b>Total</b>	<b>555</b>	<b>100.00</b>	<b>80,496,300</b>	<b>100.00</b>

## **CORPORATE GOVERNANCE**

### **Twenty Largest Singapore Depository Shares ("SDS") Holders 12.06.2015 (As per Singapore rules)**

<b>Sr. No.</b>	<b>NAME OF SDS HOLDER</b>	<b>NO. OF SDS</b>	<b>%</b>
1	ELECTRA PARTNERS MAURITIUS LIMITED	28,389,320	35.27
2	WATERWORTH PTE LTD	9,500,000	11.80
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,884,000	4.83
4	HSBC (SINGAPORE) NOMINEES PTE LTD	3,275,000	4.07
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,026,000	3.76
6	CITIBANK NOMINEES SINGAPORE PTE LTD	1,397,980	1.74
7	TEO CHIANG SONG	1,200,000	1.49
8	WU CHUNG SHOU	1,200,000	1.49
9	DBS NOMINEES PTE LTD	1,178,000	1.46
10	DB NOMINEES (S) PTE LTD	1,000,000	1.24
11	MAYBANK KIM ENG SECURITIES PTE LTD	945,000	1.17
12	ANG LAY TENG OR TAN CHOON HUI	829,000	1.03
13	PHILLIP SECURITIES PTE LTD	816,000	1.01
14	INDIA INTERNATIONAL INSURANCE PTE LTD - SIF	800,000	0.99
15	SEE BENG LIAN JANICE	800,000	0.99
16	BANK OF SINGAPORE NOMINEES PTE LTD	704,000	0.87
17	LEOW ON CHU	700,000	0.87
18	LIM LENG CHYE	700,000	0.87
19	TAN HENG WAN	673,000	0.84
20	RAFFLES NOMINEES (PTE) LTD	666,000	0.83
	<b>Total</b>	<b>61,683,300</b>	<b>76.62</b>

### **XII. Outstanding Singapore Depository Receipts :**

**153,165,300** Singapore Depository Shares were issued under Depository mechanism on 10th August, 2004 at a 28 Cent per SDS of ₹ 0.50 paisa on Singapore Stock Exchange. As on 31 March, 2015 the number of SDS outstanding are **80,496,300** which represents **40,248,150** Equity Shares. The Closing SDS price as on 31 March, 2015 was 13.50 Cent.

There is no conversion date fixed for SDS in to Equity Shares. There will be no impact on conversion of SDS in to equity as the conversion takes place under two way fungibility guide lines issued by Reserve Bank of India.

### **Independent Directors shareholding:-**

Particulars of Equity Shareholding of Independent Directors: - 31.03.2015:

<b>Name of Independent Director</b>	<b>No. of Equity Shares of ₹ 1/- each</b>
Mr. Chinubhai R. Shah	1,000
Mr. Balkrishna T. Thakkar	199,488
Mr. Jayaraman Vishwanathan	Nil
Mr. Kantibhai H Patel	Nil
Ms. Urvashi Shah	Nil
Mr. Chanderkumar Sabharwal	Nil

**CORPORATE GOVERNANCE****XIII. Location of Manufacturing facility:-**

1.	Pigment Division Green	Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445
2.	Pigment Division Blue	Plot No. 21,21/1, G.I.D.C. Panoli, District :- Bharuch
3.	Pigment Division Blue	Plot No. Z-31 Z -32, Dahej SEZ Limited, District :- Bharuch
4.	Agro Division – I	Plot No. 402,403,404 & 452, Village Chharodi, Taluka Sanand, District :- Ahmedabad
5.	Agro Division – II	5001/B, G.I.D.C. Ankleshwar, District :- Bharuch
6.	Agro Division – III	Plot No. CH-1+2/A GIDC Industrial Estate, Dahej, District :- Bharuch
7.	Agro Division – IV	Plot No. 20, G.I.D.C. Panoli, District :- Bharuch

**XIV. Investor Correspondence :-**

All enquiries, clarification and correspondence should be addressed to the Company Secretary and Compliance Officer:-

Mr. K D Mehta – V P (Company Affairs)

Meghmani Organics Limited

Meghmani House, Shreenivas Society,

Vikasgruh Road, Paldi,

Ahmedabad -380 007

helpdesk@meghmani.com

★ ★ ★

**DECLARATION BY MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING  
AGREEMENT REGARDING COMPLIANCE WITH CODE OF CONDUCT**

In accordance with Clause 49(I)(D) of the Listing Agreement with the Stock Exchange, I hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the financial year ended on 31 March, 2015.

Place : Ahmedabad  
Date : 22 May, 2015

**For Meghmani Organics Limited**  
**Ashish Soparkar**  
**CEO & Managing Director**

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members,**

**Meghmani Organics Limited**

We have examined the compliance of conditions of Corporate Governance by Meghmani Organic Limited, for the year ended on **31st March 2015**, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

Place : Ahmedabad  
Date : 22 May, 2015

**FOR M/S. KHANDWALA & KHANDWALA**  
**Chartered Accountants**  
**(M M Khandwala)**  
**Partner**  
**Membership Number 32472**  
**FRN No.107647W**

## **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF**

**MEGHMANI ORGANICS LIMITED**

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

We have audited the accompanying standalone financial statements of **Meghmani Organics Limited**, which comprise the **Balance Sheet as at 31st March, 2015 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended**, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

As required by 'The Companies (Auditor's Report) order, 2015', issued by the Central government of India in terms of sub section (11) of section 143 of the Act ( hereinafter refereed to as the "Order") and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, We give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.

## **INDEPENDENT AUDITORS' REPORT**

### **Report on Other Legal and Regulatory Requirements**

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 33 to the financial statements.
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN 107647 W  
M. M. KHANDWALA  
P A R T N E R  
M. NO.: 32472**

**PLACE : AHMEDABAD  
DATE : 22<sup>nd</sup> MAY, 2015**

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS

### Referred to in Paragraph 1 of the Report on Other Legal & Regulatory Requirements of Independent Auditor's Report of Even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report to the extent:

- i. (a) The Company has maintained records under SAP showing full particulars including quantitative details and situation of its fixed assets.
- (b) Fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loans, secured or unsecured, to its two subsidiary Companies listed in the register maintained under Section 189 of the Companies Act, 2013.
- (b) In respect of aforesaid loans, the Company has not charged interest on loan given to subsidiaries, other terms and conditions of loan given by the Company are prima facie not prejudicial to the interest of the Company.
- (c) The said interest free loan given to subsidiaries of the Company is repayable on demand.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories, fixed assets and for sale of goods and services. Further, on the basis of our examination of books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weakness in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public covered under the provision of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under to the extent notified.
- vi. The Central Government has prescribed maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended by sub Section (1) of Section 148 of the Companies Act, 2013. We have broadly reviewed the books of accounts maintained by the Company under SAP environment. We are of the opinion that prima facie cost records have been maintained by the Company. We have not however made detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information & explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Income Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues, to the extent applicable, have been generally regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date they become payable;
- (c) According to the information and explanations given to us, the statutory dues which have not been deposited on account of disputes are given below:

Name of Statute	Nature of Dues	Figures (in ₹)	Forum where dispute is pending
Central Excise Tariff Act	Custom Duty	99,78,587	Directorate of Revenue Intelligence (DIR)
Labour Laws	Compensation Claim	1,76,44,659	Labour Court

- d) According to the information and explanations given to us, there is no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and Rules made there under has been transferred to such fund within time.
- viii. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- ix. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders as at the balance sheet date.
- x. According to the information and explanations given to us, the Company has given guarantees for loan taken by Subsidiary Companies from a bank or financial institution. The terms and condition whereof in our opinion are not prima facie prejudicial to the interest of the Company.
- xi. According to the information and explanation given to us, all term loans obtained are used for the purpose for which they have been obtained other than temporary deployment pending application.
- xii. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN 107647 W  
M. M. KHANDWALA  
P A R T N E R  
M. NO.: 32472**

**PLACE : AHMEDABAD  
DATE : 22<sup>ND</sup> MAY, 2015**



Balance Sheet as at 31<sup>st</sup> March 2015

PARTICULARS	Note No.	(Figures in ₹)	
		31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	2	25,43,14,211	25,43,14,211
(b) Reserves and Surplus	3	5,40,52,77,863	5,14,13,51,184
<b>(2) Non-current liabilities</b>			
(a) Long-term Borrowings	4	1,33,50,00,000	1,25,00,00,000
(b) Deferred tax Liabilities (Net)	5	27,46,42,333	25,22,00,694
(c) Long-term Provisions	6	2,13,77,308	40,64,21,891
<b>(3) Current liabilities</b>			
(a) Short-term Borrowings	7	1,97,28,45,002	2,45,98,37,178
(b) Trade Payables	8	1,27,66,23,626	1,63,15,86,994
(c) Other Current Liabilities	9	77,99,19,278	95,75,48,086
(d) Short-term Provisions	10	25,49,32,998	4,80,24,902
<b>TOTAL</b>		<b>11,57,49,32,619</b>	<b>12,40,12,85,140</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		3,85,58,50,575	3,66,78,06,009
(ii) Intangible Assets		2,30,58,524	4,03,60,853
(iii) Capital Work-in-Progress		4,86,96,103	12,28,03,417
(iv) Intangible Assets under development		10,72,06,621	9,05,80,766
(b) Non-current Investments	12	1,32,59,17,351	1,38,08,40,450
(c) Long-term Loans and Advances	13	6,60,73,760	11,75,07,206
(d) Other Non-current Assets	14	4,96,643	3,09,75,731
<b>(2) Current assets</b>			
(a) Inventories	15	1,80,82,19,962	2,08,60,46,819
(b) Trade Receivables	16	3,02,60,39,482	3,31,17,03,354
(c) Cash and Cash Equivalents	17	11,20,73,236	7,65,14,370
(d) Short-term Loans and Advances	18	1,02,97,10,846	1,26,52,24,099
(e) Other Current Assets	19	17,15,89,516	21,09,22,066
Significant Accounting Policies	1		
Notes forming part of accounts	1 to 34		
<b>TOTAL</b>		<b>11,57,49,32,619</b>	<b>12,40,12,85,140</b>

**AS PER OUR ATTACHED REPORT OF EVEN DATE**
**FOR KHANDWALA & KHANDWALA**
**CHARTERED ACCOUNTANTS**
**M. M. KHANDWALA**
**PARTNER**
**M. NO.: 32472**
**PLACE : AHMEDABAD**
**DATE : 22<sup>nd</sup> MAY, 2015**
**D C Shah**  
Chief Financial Officer

**K. D. Mehta**  
Company Secretary

**For and on Behalf of Board**
**J. M. PATEL – Executive Chairman (DIN - 00027224)**
**A. N. SOPARKAR – Managing Director (DIN - 00027480)**
**N. M. PATEL – Managing Director (DIN - 00027540)**
**PLACE : AHMEDABAD**
**DATE : 22<sup>nd</sup> MAY, 2015**

**Statement of Profit and Loss for the year ended on 31<sup>st</sup> March 2015**

PARTICULARS	Note No.	(Figures in ₹)	
		31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Income</b>			
Revenue from Operation		10,15,75,83,256	9,51,13,98,045
Less: Excise Duty		67,57,43,547	57,85,58,231
Net Revenue from Operation	<b>20</b>	9,48,18,39,709	8,93,28,39,814
Other Income	<b>21</b>	18,59,18,472	4,18,48,279
<b>Total Income</b>		<b>9,66,77,58,181</b>	<b>8,97,46,88,093</b>
<b>Expenditure</b>			
Raw Materials Consumption	<b>22</b>	5,05,15,14,926	5,45,27,42,499
Trading Purchases		53,27,12,197	75,32,15,308
(Increase)/Decrease in Stock	<b>23</b>	22,91,66,459	(54,82,20,836)
Employees Emoluments	<b>24</b>	54,41,82,305	42,09,50,176
Financial Expenses	<b>25</b>	47,65,80,466	35,01,49,890
Depreciation	<b>11</b>	35,02,90,880	31,34,41,387
Other Expenses	<b>26</b>	2,12,57,95,784	2,08,18,05,462
<b>Total Expenditure</b>		<b>9,31,02,43,017</b>	<b>8,82,40,83,886</b>
<b>Profit Before Exceptional Extraordinary Items &amp; Tax</b>		<b>35,75,15,164</b>	<b>15,06,04,207</b>
Exceptional Items	<b>27</b>	3,50,81,903	-
Extra ordinary Item	<b>28</b>	-	49,54,417
<b>Profit Before Tax</b>		<b>32,24,33,261</b>	<b>14,56,49,790</b>
Current Tax		3,65,00,000	3,10,00,000
MAT Credit Entitlement		(1,85,00,000)	(1,95,00,000)
Payment of Tax of earlier years		89,56,463	-
Deferred Tax	<b>5</b>	3,33,18,704	1,83,77,637
<b>Profit for the year</b>		<b>26,21,58,094</b>	<b>11,57,72,153</b>
<b>Basic and Diluted Earning Per Share of face value of Re. 1 each</b>	<b>29</b>		
<b>before Extraordinary item</b>		<b>1.03</b>	<b>0.47</b>
<b>after Extraordinary item</b>		<b>1.03</b>	<b>0.46</b>
Significant accounting policies	<b>1</b>		
Notes forming part of accounts	<b>1 to 34</b>		

**AS PER OUR ATTACHED REPORT OF EVEN DATE**
**FOR KHANDWALA & KHANDWALA**
**CHARTERED ACCOUNTANTS**
**M. M. KHANDWALA**
**PARTNER**
**M. NO.: 32472**
**PLACE : AHMEDABAD**
**DATE : 22<sup>nd</sup> MAY, 2015**
**D C Shah**  
Chief Financial Officer

**K. D. Mehta**  
Company Secretary

**For and on Behalf of Board**
**J. M. PATEL – Executive Chairman (DIN - 00027224)**
**A. N. SOPARKAR – Managing Director (DIN - 00027480)**
**N. M. PATEL – Managing Director (DIN - 00027540)**
**PLACE : AHMEDABAD**
**DATE : 22<sup>nd</sup> MAY, 2015**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>A. Cash flow from Operating Activities</b>		
Net Profit Before Tax	32,24,33,261	14,56,49,790
<b>Adjustment for :</b>		
Depreciation	35,02,90,880	31,34,41,387
Unrealised Foreign Exchange	(1,45,25,866)	1,05,11,965
Mark to Market Loss on Derivative	(4,08,63,831)	10,59,10,889
Liability no longer Required	(1,65,95,707)	(1,59,18,529)
Interest and Finance Charges	47,65,80,466	35,01,49,890
Wealth Tax Presented under Rates & Taxes	4,43,259	4,78,428
Dividend Received	(14,56,33,052)	(30,001)
Interest Received	(2,33,75,063)	(3,61,85,980)
Loss on Sales of Investment	4,33,23,159	-
Investment Written off	1,12,00,000	-
(Profit) / Loss on Sale of Fixed Assets (Net)	(1,64,99,318)	(24,13,394)
<b>Operating Profit before working capital changes</b>	<b>94,67,78,188</b>	<b>87,15,94,445</b>
<b>Adjustment for:</b>		
Inventories	27,78,26,857	(60,37,35,982)
Trade Receivables	28,56,63,872	(2,94,38,063)
Short Term Loans and Advances	22,79,21,172	1,54,35,342
Other Current Assets	4,76,13,709	(3,54,86,803)
Long Term Loans and Advances	2,20,58,494	(33,58,130)
Trade Payables	(33,83,67,661)	30,56,65,651
Other Current Liabilities	(27,28,209)	4,40,05,023
Provisions	1,05,34,762	31,58,029
<b>Sub Total</b>	<b>53,05,22,996</b>	<b>(30,37,54,933)</b>
<b>Cash Generated from operation</b>	<b>1,47,73,01,184</b>	<b>56,78,39,512</b>
Direct Taxes Paid (Net)	(5,98,41,437)	(9,15,58,163)
<b>Net Cash from operating activities</b>	<b>1,41,74,59,747</b>	<b>47,62,81,349</b>
<b>B. Cash flow from Investment Activities</b>		
Purchase of Fixed Assets	(56,52,71,313)	(52,89,86,895)
Movement in Loan & Advances - Subsidiaries	3,72,20,460	-
Fixed Deposits made	(3,17,663)	(2,23,086)
Deferred Payment to GIDC	-	(99,96,881)
Dividend Received	24,500	30,001
Dividend Received from Subsidiaries	14,56,08,552	-
Interest Received	2,24,77,650	3,60,12,500
Unsecured Loan from Subsidiary Company	-	(30,51,91,165)
Proceeds from Divestment of Subsidiaries	3,99,940	-
Sale of Tangible Assets	3,87,97,312	62,81,907
<b>Net Cash Used in Investing Activities</b>	<b>(32,10,60,562)</b>	<b>(80,20,73,619)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>C. Cash flow from Financing Activities</b>		
Dividend & Interim Dividend paid	(12,55,47,706)	(2,52,53,581)
Dividend Distribution Tax	(43,22,070)	(43,22,070)
Interest and Finance Charges Paid	(46,74,42,934)	(46,87,36,891)
Short Term Borrowings	23,30,07,824	22,97,02,943
Proceeds from Other Borrowing	1,00,00,00,000	2,33,80,00,000
Repayment of Other Borrowing	(1,72,00,00,000)	(2,26,70,00,000)
Repayment of Non Convertible Debentures	(50,00,00,000)	-
Proceeds from Bank Borrowing (Term Loan)	65,00,00,000	75,00,00,000
Repayment of Bank Borrowing (Term Loan)	(10,97,44,294)	(14,60,52,984)
<b>Net Cash Used in Financing Activities</b>	<b>(1,04,40,49,180)</b>	<b>40,63,37,417</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalent</b>	<b>5,23,50,005</b>	<b>8,05,45,147</b>
<b>Cash on Hand -Opening Balance</b>	<b>7,36,15,694</b>	<b>1,47,69,303</b>
<b>Cash on Hand -Closing Balance</b>	<b>12,59,65,699</b>	<b>9,53,14,450</b>
<b>Reconciliation of Cash and Cash Equivalent</b>		
<b>Total Cash &amp; Bank Balance as per Balance Sheet</b>	<b>11,20,73,236</b>	<b>7,65,14,370</b>
Less - Fixed Deposit in Bank not consider as Cash and Cash Equivalent	32,84,529	28,98,676
Cash and Cash Equivalents	10,87,88,707	7,36,15,694
<b>Cash and Cash Equivalent Comprises as under :</b>		
Balance with Banks in Current Accounts (Includes ₹35,58,190 (P.Y. ₹ 20,55,191/-) Pertains to Unpaid Dividend & IPO Refund Account being restricted for use)	3,05,83,157	2,21,90,383
Fixed Deposit with Bank	7,62,23,438	5,00,00,000
Cash on Hand	19,82,112	14,25,311
<b>Cash and Cash Equivalents</b>	<b>10,87,88,707</b>	<b>7,36,15,694</b>
Net effect of Unrealised Exchange Difference	1,71,76,992	2,16,98,756
<b>Cash &amp; Cash Equivalent at the end of the year</b>	<b>12,59,65,699</b>	<b>9,53,14,450</b>

**Notes to the cash flow statement for the year ended on 31.03.2015**

- (1) Figures in brackets indicate cash outgo.
- (2) The previous year figures have been regrouped/restated where ever necessary to conform to this year's classification.

**AS PER OUR ATTACHED REPORT OF EVEN DATE**

**FOR KHANDWALA & KHANDWALA**

**CHARTERED ACCOUNTANTS**

**M. M. KHANDWALA**

**PARTNER**

**M. NO.: 32472**

**PLACE : AHMEDABAD**

**DATE : 22<sup>nd</sup> MAY, 2015**

**D C Shah**  
**Chief Financial Officer**

**K. D. Mehta**  
**Company Secretary**

**For and on Behalf of Board**

**J. M. PATEL – Executive Chairman (DIN - 00027224)**

**A. N. SOPARKAR – Managing Director (DIN - 00027480)**

**N. M. PATEL – Managing Director (DIN - 00027540)**

**PLACE : AHMEDABAD**

**DATE : 22<sup>nd</sup> MAY, 2015**

## **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

### **1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 BASIS FOR PREPARATION OF ACCOUNTS**

The Financial Statements have been prepared to comply with all material aspects in respect with the notified Accounting Standards by Companies Accounting Standard Rules, 2006, standards issued by Institute of Chartered Accountants of India and the relevant provision of the Companies Act, 2013.

Accounting policies have been consistently applied by the Company.

#### **1.2 USE OF ESTIMATES**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### **1.3 REVENUE RECOGNITION**

1) Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection.

2) Sales

Sales are recognised on transfer of significant risks and rewards of ownership to the buyer. Domestic Sales are accounted on exclusive of Excise, net of Central Sales Tax, VAT, sales return and rate difference, if any. Exports sales are accounted on the basis of dates of Certificate of Sales in transit. Sales do not include Inter Division transfer.

3) Export Benefits

(i) Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis.

(ii) Focus Market license and Focus Product license income is recognised on accrual basis after considering the related expenses to the same.

Profit or losses on transfer of licenses are accounted in year of the sales.

Duty free imports of material under Advance License matched with the export made against the said licenses

4) Dividend income is recognised on the basis of dividend declared and/ or paid by the companies.

#### **1.4 FOREIGN CURRENCY TRANSACTIONS**

(i) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balance are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss account.

(ii) In order to hedge exposure to foreign exchange risks arising from Export or Import foreign currency, bank borrowings and trade receivables, the Company enters into forward contracts. In case of forward exchange contracts, the cost of the contracts is amortised over the period of the contract. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expenses for the year.

(iii) Exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the profit and loss account in the reporting period in which the exchange rates change.

## **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

- (iv) Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### **1.5 FIXED ASSETS**

- (i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation, including borrowing cost as specified in point (i) till such assets are ready for its intended use, less specific grants received and Cenvat Credit availed if any.
- (ii) Fixed assets in the course of work-in-progress for production or administrative purposes are carried at cost less any impairment loss. Work in Progress includes expenditure pending for capitalization.  
Cost includes land and building improvement costs, related acquisition expenses and construction costs incurred during the period of construction. Depreciation of these assets, on the same basis as the other property assets, commences when the assets are ready for their intended use.
- (iii) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- (iv) Subsequent expenditure are added to the cost of existing asset only when such expenditure is expected to increase the future benefits from the existing asset beyond its standard of performance as on that date.
- (v) An item of fixed asset is eliminated from financial statements on disposal or discardment.
- (vi) Items of fixed assets that are retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are presented separately in the financial statements. Any expected loss is recognized immediately in the statement of profit and loss.
- (vii) The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in statement of profit and loss for the relevant financial year.

### **1.6 EXPENDITURE ON NEW PROJECTS AND SUBSTANTIAL EXPANSION**

Expenditure directly relating to construction activity (net of income, if any) is capitalized. Indirect expenditure incurred during construction period capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (Including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto is charged to Statement of Profit & Loss. Income earned during construction period deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalized. As regards indirect expenditure on expansion only that portion is capitalized which represents the marginal increase in such expenditure as a result of capital expansion. The same is treated as pre-operative expenditure pending allocation to fixed assets in progress and is shown "Capital Work-in-Progress". The same is transferred to fixed assets on progressive basis and is capitalized along with fixed assets on commencement of commercial activities.

### **1.7 INTANGIBLE ASSETS**

Intangible assets are recognized at acquisition cost when the asset is identifiable, non-monetary in nature, without physical substance and it is probable that such expenditure is to result in future economic benefits to the entity.

### **1.8 IMPAIRMENT OF ASSETS**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset under development and intangible asset having amortization period of greater than ten years is tested for impairment annually and other intangible assets whenever there is an indication that asset may be impaired.

## **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

Recoverable amount is the higher of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

### **1.9 DEPRECIATION**

Except for freehold land, leasehold land and Capital work-in-progress power plant depreciation is charged on Straight Line Method (SLM) as per useful life prescribed under Schedule II of the Companies Act, 2013. Any addition or extension to an existing asset which is of a capital nature and which becomes an integral part of the existing asset is depreciated over the remaining useful life of that asset.

Leasehold land is amortized over the available balance lease period.

Depreciation is not provided on freehold land and capital work-in-progress.

When assets are disposed or retired, their cost and accumulated depreciation are removed from the financial statements.

### **1.10 INVESTMENTS**

Long term investments are stated at cost less amount written off, where there is a diminution in its value of other than temporary nature. Current investments are stated at lower of cost and fair value determined on an individual basis. Gain or loss arising from sale or disposal of such investment is accounted at the time of actual sale or disposal in the Statement of Profit and Loss.

### **1.11 INVENTORIES**

Inventories are stated at the lower of cost and net realizable value.

Cost of Raw Material is determined on a monthly moving weighted average basis.

Stores and Consumables are valued at cost (net of CENVAT) or net realizable value whichever is lower.

Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition and excise duty payable on finished goods.

For finished goods of Export Oriented Units (EOUs) where prima facie finished goods of EOUs are meant for export and no excise duty is leviable, therefore no excise duty is added in finished goods valuation. However in case of EOU also Excise duty is included in valuation of finished goods in proportion to DTA sales. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs, manufacturing overheads and depreciation.



## **STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

### **1.12 BORROWING COSTS**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. Such capitalisation is done only when it is probable that the asset will result in future economic benefits and the costs can be measured reliably. Capitalisation of borrowing costs commences when all the following conditions are satisfied:

1. Expenditure for the acquisition, construction or production of a qualifying asset is being incurred;
2. Borrowing costs are being incurred; and
3. Activities that are necessary to prepare the asset for its intended use are in progress

A qualifying asset is one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost is suspended when active development is interrupted.

### **1.13 PRIOR YEAR EXPENSES AND INCOME**

Transactions pertaining to period prior to Current Accounting Year are adjusted through prior year adjustments, if any.

### **1.14 EMPLOYEE BENEFITS**

Employee benefits payable wholly within twelve months of the end of the reporting period are classified as short term employee benefits and are recognized as the employee renders service on an undiscounted basis. Contribution to Defined Contribution schemes such as Provident Fund, etc. are charged to the Statement of Profit and Loss as incurred.

The Company also provides for retirement / post-retirement benefits in the form of gratuity and leave encashment. Such benefits (Defined benefit plans) are provided for based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognized as an expense as and when incurred. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss.

### **1.15 EXCISE DUTY**

Excise duty (including Education Cess) on Finished Goods are shown separately in Manufacturing and other expenses and included in the valuation of finished goods.

### **1.16 CENVAT**

CENVAT Credit of raw materials and other consumables is accounted at the time of purchase and the same is being adjusted to the cost of raw materials and other consumables.

### **1.17 ACCOUNTING FOR TAXES ON INCOME**

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized if there is virtual certainty that sufficient future taxable income will be available against which such assets can be realized. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed at each Balance sheet date to reassess realization. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute Of Chartered Accountants Of India, the said asset is created by way of a credit to the Statement of Profit & Loss and shown as MAT credit Entitlement. The company reviews the same at



**STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

each balance sheet date and writes down the carrying amount of MAT credit Entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

**1.18 PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized when it is more likely than not that an obligation will result in an outflow of resources.

Provisions are not discounted to their present value and are determined based on management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent Liabilities are disclosed for all possible obligations that are not remote and all present obligations of which outflow of economic resources is not estimable.

**1.19 FINANCIAL DERIVATIVES HEDGING TRANSACTIONS**

- A. The Company has voluntarily adopted the principles of Accounting Standard (AS) 30 ["Financial Instruments Recognition and Measurement"] for the accounting of such derivative contracts, not covered under Accounting Standards (AS) 11 ["The Effects of Changes in Foreign Exchange Rates"] , in pursuance of the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008 on accounting of derivatives..
- B. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Such derivative financial instruments are used as risk management tools only and not for speculative purposes.
- C. Accordingly, the resultant gains and losses on fair valuation/ settlement of the derivative contracts covered under Accounting Standard (AS) 30 ["Financial Instruments: Recognition and Measurement"] are recognized in the Statement of Profit and Loss or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the cash flow hedge is effective, the gains or losses are recognized in the "Hedge Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet, while the same is recognized in the Statement of Profit and Loss where the hedge is ineffective. The amount recognized in the "Hedge Reserve" is transferred to the Statement of Profit and Loss in the period in which the underlying hedged item affects the Statement of Profit and Loss.
- D. For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized the Profit and Loss till the period the relationship is found to be effective. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in Profit and Loss.
- E. If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through Profit and Loss.

**1.20 LEASES**

All leases are classified into operating and finance lease at the inception of the lease. Leases that transfer substantially all risks and rewards from lessor to lessees are classified as finance lease and others being classified as operating lease.

There are no finance lease transactions entered in to by the Company.

Rent Expense and Rent Income represent operating leases which are recognized as an expense in the statement of Profit and Loss Account on a Straight Line basis over the lease terms

**1.21 RESEARCH AND DEVELOPMENT**

Assessment of whether an internally generated intangible asset meets the criteria for recognition, the expenditure on generation of the asset is classified into research phase and development phase. Expenses incurred during research phase are recognized immediately in the Statement of Profit and Loss. Expenditure during the development phase is recognized as an intangible asset under development on fulfillment of prescribed conditions.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SHARE CAPITAL

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>AUTHORISED</b>		
370,000,000 Equity Shares (Previous Year 370,000,000 )		
Each share of ₹ 1/-	370,000,000	370,000,000
	370,000,000	370,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP EQUITY SHARES</b>		
254,314,211 Equity Shares (Previous Year 254,314,211)		
Each share of ₹ 1/- Fully Paid up	254,314,211	254,314,211
<b>TOTAL</b>	<b>254,314,211</b>	<b>254,314,211</b>

#### Reconciliation of Number of Shares

PARTICULARS	No. of Shares		(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
As at beginning of the year	254,314,211	254,314,211	254,314,211	254,314,211
<b>Add :</b>				
Issued During the year	-	-	-	-
<b>Less :</b>				
Shares bought back / Redemption etc.	-	-	-	-
<b>As at closing of the year</b>	<b>254,314,211</b>	<b>254,314,211</b>	<b>254,314,211</b>	<b>254,314,211</b>

#### Details of Shareholding

PARTICULARS	No. of Shares		(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Number of Shares held by Shareholders holding more than 5% Shares</b>				
DBS Nominees (P) Ltd.	4,03,43,150	5,08,38,150	4,03,43,150	5,08,38,150
Mr. Jayanti Patel	1,85,60,390	1,88,73,946	1,85,60,390	1,88,73,946
Mr. Ashish Soparkar	2,46,17,948	2,46,17,948	2,46,17,948	2,46,17,948
Mr. Natwarlal Patel	2,59,10,477	2,59,10,477	2,59,10,477	2,59,10,477
Mr. Ramesh Patel	1,64,22,392	1,64,22,392	1,64,22,392	1,64,22,392
<b>TOTAL</b>	<b>12,58,54,357</b>	<b>13,66,62,913</b>	<b>12,58,54,357</b>	<b>13,66,62,913</b>

## NOTES TO THE FINANCIAL STATEMENTS

The Company has only one class of Equity Shares having face value of ₹ 1/- per share. Each Equity share has 1 voting right. All equity shareholders have equal dividend rights in proportion to their Shareholding.

The Company has paid Interim dividend of ₹ 0.40 Per Equity Share amounting to ₹ 10,17,25,684/- on 25,43,14,211 Equity Shares of ₹ 1/- each ( Previous Year ₹ 0.10 declared as final dividend per Equity Share amounting to ₹ 2,54,31,421/- on 25,43,14,211 Equity Shares of ₹ 1/- each).

### Particulars of NRI Shareholders to whom dividend is remitted.

PARTICULARS	( Figures in ₹ )	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Amount of Dividend Remitted	4,91,40,150	5,12,28,150
No. of Shareholders	1	1
No. of Shares held	4,91,40,150	5,12,28,150
Year / Period to which dividend relates	2013-14	2012-13
	<b>Final</b>	<b>Final</b>
Amount of Dividend Remitted	1,66,09,460	-
No. of Shareholders	1	-
No. of Shares held	4,15,23,650	-
Year / Period to which dividend relates	2014-15	
	<b>Interim</b>	

**NOTES TO THE FINANCIAL STATEMENTS**

**3 RESERVES AND SURPLUS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>(1) Securities Premium Account</b>		
As per last year accounts	1,56,50,48,295	1,56,50,48,295
<b>(2) Capital Reserve</b>		
As per last year accounts	31,22,017	31,22,017
<b>(3) General Reserve</b>		
As per last year accounts	61,22,70,348	60,92,70,348
Add : Transferred from Debenture Redemption Reserve	12,50,00,000	-
Less : Effect of Transitional provisions as per Schedule II of the Companies Act, 2013	(2,05,52,273)	-
Add : Transferred from Profit and Loss Account	2,75,00,000	30,00,000
	<b>74,42,18,075</b>	<b>61,22,70,348</b>
<b>(4) Capital Redemption Reserve</b>		
As per last year accounts	1,84,32,980	1,84,32,980
<b>(5) Debenture Redemption Reserve</b>		
As per last year accounts	19,49,81,063	13,87,66,143
Less : Transferred to General Reserve	(12,50,00,000)	-
Add : Addition during the year	4,16,70,087	5,62,14,920
	<b>11,16,51,150</b>	<b>19,49,81,063</b>
<b>(6) Hedge Reserve</b>		
As per last year accounts	(18,71,96,898)	(15,30,32,166)
Add : (Addition) / Deduction during the year	12,40,46,542	(3,41,64,732)
	<b>(6,31,50,356)</b>	<b>(18,71,96,898)</b>
<b>(7) Surplus in Profit &amp; Loss Account</b>		
As per last year accounts	2,93,46,93,379	2,90,78,89,637
Add : Profit for the year	26,21,58,094	11,57,72,153
	<b>3,19,68,51,473</b>	<b>3,02,36,61,790</b>
Less : Appropriation		
Transfer to General Reserve	2,75,00,000	30,00,000
Debenture Redemption Reserve	4,16,70,087	5,62,14,920
Proposed Dividend / Interim Dividend Paid	10,17,25,684	2,54,31,421
Dividend Distribution Tax (Rs.2,03,39,085/- (Previous Year Rs. Nil) being set off against Dividend Distribution Tax paid on dividend on Subsidiary Company	-	43,22,070
	17,08,95,771	8,89,68,411
	<b>3,02,59,55,702</b>	<b>2,93,46,93,379</b>
<b>TOTAL</b>	<b>5,40,52,77,863</b>	<b>5,14,13,51,184</b>

**NOTES TO THE FINANCIAL STATEMENTS****4 LONG TERM BORROWINGS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>SECURED</b>		
<b>Privately Placed Non - Convertible Debentures :</b>		
10.40% Non - Convertible Debenture redeemable at par In Indian currency	-	50,00,00,000
<b>Term Loan Facilities from Banks :</b>		
In Indian currency	1,33,50,00,000	75,00,00,000
In Foreign currency	-	-
(Refer Notes - 9 for Current Maturity of Term Loan & Debenture ₹ 56,50,00,000/- (Previous Year ₹ 64,14,47,152/-)		
<b>TOTAL</b>	<b>1,33,50,00,000</b>	<b>1,25,00,00,000</b>

**Details of Security and Repayment Terms :**

- i Secured Non-Convertible Debentures of ₹ 50,00,00,000/- (Previous Year ₹ 100,00,00,000/-) are secured by way of pari passu charge on Mortgage of immovable and movable properties situated at GIDC Vatva, GIDC Panoli, GIDC Ankleshwar and Village Chharodi, Taluka Sanand, District - Ahmedabad.
- ii Redemption detail of 10.40 % Non Convertible Debenture ₹ 100,00,00,000/-

Amount of Redemption	Date of Redemption
₹ 500,000,000	12-10-2014 (Since Redeemed)
₹ 500,000,000	12-10-2015

- iii External Commercial Borrowing of USD 1,10,00,000 equivalent to ₹ 51,13,90,000/- from Standard Chartered Bank, Ahmedabad. The facility is secured by first charge on all the present and future movable fixed assets financed under term loan including moveable fixed assets held at CH-1-2/A. GIDC Dahej, Taluka Vagra, Bharuch and repayable in 13 Quarterly Installment amount of USD 7,85,400 of each and last Instalment of USD 7,89 800 and interest @3 Month LIBOR + 2.5% has been repaid in current year.
- iv Rupee Term Loan facility of ₹ 300,000,000/- from HDFC Bank, Nr. Mithakhali Cross Road, Ahmedabad. The facility is Secured by First Pari Passu charge with ICICI Bank Limited on moveable and immoveable fixed assets held at Z-31 and Z-32, Dahej SEZ Limited, Dahej, Taluka Vagra, District Bharuch and repayable in 20 Quarterly installments of ₹ 15,000,000 each commencing from 30th April, 2016 and interest @ base rate plus 1.75% per annum with monthly rests. At present interest rate is 11.75% with moratorium of 2 years.
- v Rupee Term loan facility of ₹ 450,000,000/- from ICICI Bank Limited, JMC House, Ambawadi, Ahmedabad. The facility is Secured by First Pari Passu charge with HDFC Bank on moveable and immoveable fixed assets held at Z-31 and Z-32, Dahej SEZ Limited, Dahej, Taluka Vagra, District Bharuch and repayable in 24 Quarterly installments of ₹ 18,750,000/- each commencing from 30th June, 2016 and interest @ base rate plus 2.10% per annum with monthly rests. At present interest rate is 12.10% with moratorium of 2 years.
- vi Rupee Term Loan facility of ₹ 650,000,000/- from Yes Bank Limited 4th Floor, Nehru Centre, Discovery of India Bldg, Dr. A. B. Road, Worli, Mumbai- 400018. The facility is secured by exclusive charge on leasehold admeasuring 50,000 Square Meter bearing Plot No. CH-1+2/A GIDC Industrial Estate Dahej, Taluka Vagra, District Bharuch, with all the buildings and structures standing thereon and all plants, machineries, fixtures and fittings attached to the earth and or permanently fasted to earth pertaining to Company's unit at Plot No. CH-1+2/A GIDC and repayable in 20 equal quarterly installments of ₹ 3,25,00,000/- starting after a moratorium period of 1 year from the date of disbursement i.e. from 02.10.2015 The current applicable interest rate is 11.75% p.a.

**NOTES TO THE FINANCIAL STATEMENTS**

**5 DEFERRED TAX LIABILITIES (NET)**

**Major Components of Deferred Tax:**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Deferred Tax Liability:</b>		
Difference in value of Fixed Asset due to depreciation and other allowances	28,77,45,869	26,05,26,926
<b>Deferred Tax Assets:</b>		
Disallowance u/s 43B of Income Tax Act, 1961	1,31,03,536	83,26,232
<b>TOTAL</b>	<b>27,46,42,333</b>	<b>25,22,00,694</b>
Previous Year	25,22,00,694	23,38,23,057
Transfer to Retain Earning	1,08,77,065	-
Deferred Tax Expense / (Saving) charge to Profit & Loss	3,33,18,704	1,83,77,637

**6 LONG TERM PROVISIONS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Provision for Employee benefits (Refer Note No - 10)	2,13,77,308	1,14,56,044
Fair value of Financial derivatives (Refer Note i below)	-	39,49,65,847
<b>TOTAL</b>	<b>2,13,77,308</b>	<b>40,64,21,891</b>

**Note :** 'i' - Movement of Provision of Financial Derivatives as per AS - 29

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Opening Balance	39,49,65,847	26,34,37,959
Addition during the year	-	13,15,27,888
Utilised during the year	(18,79,37,526)	-
<b>Closing Balance (Refer Note - 10)</b>	<b>20,70,28,321</b>	<b>39,49,65,847</b>

ii - The settlement of financial derivatives is within one year and hence it is shown as short term provision (Refer Note - 10)

**7 SHORT TERM BORROWINGS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Secured Loans</b>		
<b>Working Capital Facilities from Banks :</b>		
In Indian currency	1,87,28,45,002	2,03,98,37,178
<b>Unsecured Loans</b>		
From Banks - In Indian currency	10,00,00,000	42,00,00,000
<b>TOTAL</b>	<b>1,97,28,45,002</b>	<b>2,45,98,37,178</b>

**NOTES TO THE FINANCIAL STATEMENTS**

- i The interest rate on Working Capital facilities from State Bank of India, HDFC Bank Limited, Standard Chartered Bank and ICICI Bank Limited (Collectively known as Consortium Bankers) varies within the range of 10.90% to 13.00% (both inclusive) and are secured by :-
- First Pari Passu charge created on 9th October, 2003 for ₹ 79.45 Crore was further extended on 28th May 2005 for ₹ 155.35 Crore, on 23rd January, 2007 for ₹ 218.65 Crore and on 28th August, 2009 for ₹ 343.08 Crore in favour of State Bank of India and its Consortium Banks by way of hypothecation of the entire stock of raw materials, work in process, finished goods, stores and spares and receivables. The present consortium is lead by State Bank of India.
  - First Pari Passu charge on immovable fixed assets to State Bank of India and its consortium bank as collateral security for the working capital facilities of ₹ 343.08 Crore. The present consortium is lead by State Bank of India.
  - The indenture of the mortgage created on immovable properties are located at :
    - Plot No. 168, 180, 183 and 184 of GIDC Industrial Estate Vatva Ahmedabad.
    - Block No. 402, 403, 404 and 452 at Village Chharodi, Taluka Sanand, District Ahmedabad.
    - Plot No. 21 & 21/1 of GIDC Industrial Estate Panoli, Taluka Ankleshwar, Bharuch.
    - Plot No. 5001/B of GIDC Industrial Estate, Ankleshwar, Bharuch.
- ii Unsecured Short Term Loan of ₹ 60,00,00,000/- has been sanctioned by HDFC Bank Limited. The out standing Short Term Loan as on 31st March, 2015 is ₹ 10,00,00,000/- with interest rate 10.40% per annum

**8 TRADE PAYABLE**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Micro, Small and Medium Enterprises	5,47,58,570	8,50,84,747
Others (Refer Notes below)	1,22,18,65,056	1,54,65,02,247
<b>TOTAL</b>	<b>1,27,66,23,626</b>	<b>1,63,15,86,994</b>

**Notes :-**

- i The Company has called for balance confirmation of Creditors on random basis. Out of which the Company has received response from some of the parties, which are Subject to reconciliation with Company's account. The other balances of Creditors are subject to confirmation.
- ii The Company has received certain intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and accordingly the Company has provided for interest of ₹ 1,34,55,997/- (Previous Year ₹ 61,30,676/-) being payable as required under the said act.

**NOTES TO THE FINANCIAL STATEMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year :		
Principal amount	5,47,58,570	8,50,84,747
Interest amount	1,34,55,997	61,30,676
the amount of interest paid by the buyer in terms of Section 18 of MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act,	88,39,969	36,72,317
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	4,22,780	11,67,920
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	1,34,55,997	61,30,676



**NOTES TO THE FINANCIAL STATEMENTS****9 OTHER CURRENT LIABILITIES**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Current maturities of Long-Term Debt (Refer Note No - 4)	56,50,00,000	64,14,47,152
Interest accrued but not due on Borrowings	1,08,73,864	83,76,711
Employee Benefit Payable	4,56,89,178	4,11,28,570
Advance Received from Customer	2,58,61,743	1,08,40,109
Statutory Payments	7,53,88,289	9,41,35,164
IPO Refund Payable (Refer Note i & ii below)	-	1,06,400
Unpaid Dividend (Refer Note ii below)	35,58,190	19,48,791
Proposed Dividend & provision of Tax on Dividend	-	2,97,53,491
Payable for Retention Money	21,83,936	56,41,112
Payable - Capital Goods	3,79,08,081	11,80,39,910
Interest as per MSMEDA, 2006 (Refer Note No - 8(ii))	1,34,55,997	61,30,676
<b>TOTAL</b>	<b>77,99,19,278</b>	<b>95,75,48,086</b>

**Notes :-**

- i IPO Refund Payable represents share application money received at the time of IPO and pending for refund due to non-traceability of investors. The Company has kept the balance of such money in a separate account with Bank. During the year the same is transferred to Investor education and protection fund under Section 125 of the Companies Act, 2013.
- ii There is no amount outstanding in respect of IPO Refund and Unpaid Dividend to be transferred to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013.

**10 SHORT TERM PROVISIONS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Wealth Tax Payable	4,43,260	4,78,430
Current Tax Payable	3,52,67,897	3,59,66,450
Fair value of Financial Derivatives (Refer Note No. 6 (i))	20,70,28,321	-
Provisions for Employee Benefits (Refer Notes No. 29)	1,21,93,520	1,15,80,022
<b>TOTAL</b>	<b>25,49,32,998</b>	<b>4,80,24,902</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**11. Fixed Assets As on 31<sup>st</sup> March 2015**

(Figures in ₹)

Sr. No.	Particulars	Gross Block				Depreciation / Amortisation				Net Block	
		Opening	Addition	Deduction/ Adjustment	Closing	Opening	Provision For the Year	Depreciation Transfer to Reserve	Deduction/ Adjustment	Closing Balance 31.03.2015	Closing Balance 31.03.2014
	<b>Tangible Assets</b>										
1	Freehold Land	1,49,03,516	2,95,51,316	-	4,44,54,832	-	32,26,115	-	-	4,44,54,832	1,49,03,516
2	Leasehold Land	30,41,85,000	-	1,07,22,170	29,34,62,830	1,51,42,071	-	-	3,62,864	27,54,57,508	28,90,42,929
3	Building	1,39,51,26,356	21,33,82,767	2,09,792	1,60,82,99,331	18,65,79,363	5,76,33,158	1,50,59,139	10,354	1,34,90,38,025	1,20,85,46,993
4	Plant & Machinery	3,91,90,62,614	31,52,36,417	3,78,19,276	4,19,64,79,755	1,86,16,68,100	24,91,19,961	39,23,570	2,93,20,788	2,08,53,90,843	2,05,73,94,514
5	Furniture & Fixtures	4,84,87,975	27,92,572	-	5,12,80,547	2,65,98,552	30,55,887	39,87,956	-	3,36,42,395	2,18,89,423
6	Vehicles	9,00,90,612	65,85,052	90,83,884	8,75,91,780	3,24,81,836	1,14,21,595	14,57,148	58,64,329	3,94,96,250	5,76,08,776
7	Computers	3,17,38,762	14,55,856	-	3,31,94,618	2,57,99,887	19,63,239	12,88,891	-	2,90,52,017	59,38,875
8	Other Equipments	2,34,43,073	25,99,765	23,500	2,60,19,338	1,09,62,090	34,11,894	57,12,634	2,295	2,00,84,323	1,24,80,983
	<b>Total</b>	<b>5,82,70,37,908</b>	<b>57,16,03,745</b>	<b>5,78,58,622</b>	<b>6,34,07,83,031</b>	<b>2,15,92,31,899</b>	<b>32,98,31,849</b>	<b>3,14,29,338</b>	<b>3,55,60,630</b>	<b>2,48,49,32,456</b>	<b>3,66,78,06,009</b>
	<b>Intangible Assets</b>										
1	Software Licences	3,66,90,856	13,16,431	-	3,80,07,287	2,74,88,573	44,86,121	-	-	60,32,593	92,02,283
2	Product Licences	10,94,70,426	18,40,271	-	11,13,10,697	8,62,63,333	1,42,39,588	-	-	1,08,07,776	2,32,07,093
3	Usage Rights	1,27,60,412	-	-	1,27,60,412	48,08,935	17,33,322	-	-	62,18,155	79,51,477
	<b>Total</b>	<b>15,89,21,694</b>	<b>31,56,702</b>	-	<b>16,20,78,396</b>	<b>11,85,60,841</b>	<b>2,04,59,031</b>	-	-	<b>2,30,58,524</b>	<b>4,03,60,853</b>
	<b>Capital WIP</b>										
1	Tangible Assets	4,61,69,414	4,61,69,414	12,02,76,728	4,86,96,103	-	-	-	-	4,86,96,103	12,28,03,417
2	Intangible Assets	9,05,80,766	1,80,37,399	14,11,544	10,72,06,621	-	-	-	-	10,72,06,621	9,05,80,766
	<b>Total</b>	<b>21,33,84,183</b>	<b>4,95,71,402</b>	<b>10,70,52,861</b>	<b>15,59,02,724</b>	-	-	-	-	<b>15,59,02,724</b>	<b>21,33,84,183</b>
	<b>Grand Total</b>	<b>6,19,93,43,785</b>	<b>62,43,31,849</b>	<b>16,49,11,483</b>	<b>6,65,87,64,151</b>	<b>2,27,77,92,740</b>	<b>35,02,90,880</b>	<b>3,14,29,338</b>	<b>3,55,60,630</b>	<b>2,62,39,52,328</b>	<b>3,92,15,51,045</b>
	<b>Previous Year</b>	<b>5,44,22,61,137</b>	<b>1,62,05,76,079</b>	<b>86,34,93,431</b>	<b>6,19,93,43,785</b>	<b>1,98,73,93,707</b>	<b>31,34,41,387</b>	<b>6,16,787</b>	<b>2,36,59,141</b>	<b>2,27,77,92,740</b>	<b>3,45,48,67,430</b>

i Capital WIP- Tangible Assets Includes Expenses during construction period ₹ Nil (P.Y. ₹ 1,46,35,411/-)

ii Borrowing cost Capitalised during the year ₹ 42,64,554/- (P.Y. ₹ 12,51,41,267/-)

iii Deduction in Depreciation includes ₹ Nil (P.Y. ₹ 6,16,787/-) being depreciation transfer to Capital WIP

IV Consequent to Schedule II of the Companies Act, 2013, becoming applicable w.e.f. April 1, 2014 depreciation for the year ended 31st March 2015 has been provided on the basis of revised estimated useful lives as prescribed in schedule II. The management has technically reviewed the estimated useful life of plant and machinery related to power generating unit as 20 years is different from those prescribed under part C of schedule II to the Companies Act, 2013. An amount of ₹ 2,05,52,273 (net of deferred tax ₹ 1,08,77,065) has been deducted from the opening balance of retained earnings for the assets where remaining useful life as per schedule - II was Nil.

The Block of Research & development Assets included in Fixed Assets in above / Fixed asset schedule

Notes :- Addition to Research and Development assets during the year are as under:-

(Figures in ₹)

Sr. No.	Particulars	Gross Block				Depreciation / Amortisation				Net Block		
		Opening	Addition	Deduction/ Adjustment	Closing	Opening	Provision For the Year	Depreciation Transfer to Reserve	Deduction/ Adjustment	Closing	Closing Balance 31.03.2015	Closing Balance 31.03.2014
	Tangible Assets											
1	Building	11,44,279	-	-	11,44,279	1,78,384	16,495	-	-	1,94,879	9,49,400	9,65,895
2	Plant & Machinery	2,36,41,317	-	-	2,36,41,317	1,37,22,943	13,94,538	-	-	1,51,17,481	88,23,836	99,18,374
3	Furniture & Fixtures	26,44,103	-	-	26,44,103	7,40,853	3,32,094	-	-	10,72,947	15,71,156	19,03,250
4	Vehicles	9,55,980	-	6,18,012	3,37,968	4,51,653	1,02,421	2,33,005	2,33,005	3,21,069	16,899	5,04,327
5	Computers	2,58,250	-	-	2,58,250	1,38,690	1,03,879	-	-	2,42,569	15,681	1,19,560
6	Other Equipments	2,95,181	53,500	-	3,48,681	91,653	1,76,764	-	-	2,68,417	80,264	2,03,528
	Sub Total	2,89,39,110	53,500	6,18,012	2,83,74,598	1,53,24,176	21,26,191	-	2,33,005	1,72,17,362	1,11,57,236	1,36,14,934
	Intangible Assets											
1	Product Licences	3,69,39,881	-	-	3,69,39,881	2,54,49,772	61,93,767	-	-	3,16,43,539	52,96,342	1,14,90,109
	Sub Total	3,69,39,881	-	-	3,69,39,881	2,54,49,772	61,93,767	-	-	3,16,43,539	52,96,342	1,14,90,109
	Total	6,58,78,991	53,500	6,18,012	6,53,14,479	4,07,73,948	83,19,958	-	2,33,005	4,88,60,901	1,64,53,578	2,51,05,043

## NOTES TO THE FINANCIAL STATEMENTS

### 12 NON-CURRENT INVESTMENTS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>(I) Trade Investments - Unquoted :</b>		
(a) Investments in Equity Instruments - Unquoted		
<b>(1) In Subsidiaries (Unquoted and fully paid)</b>		
(i) 61,299 (Previous Year 61,299) Equity Shares of Meghmani Europe BVBA, Belgium of Euro 18.55 each	8,11,43,713	8,11,43,713
(ii) Nil (Previous Year 39,99,400) Equity Shares of Meghmani Energy Ltd. of Rs. 10/- each fully paid (Refer Note - ii below)	-	4,37,23,099
(iii) 2,92,500 (Previous Year 2,92,500) Equity Shares of Meghmani Organics Inc., USA of USD 1 each	1,39,70,150	1,39,70,150
(iv) 4,04,46,820 (Previous Year: 4,04,46,820) Equity Shares of Meghmani Finechem Ltd. of Rs.10/- each	1,21,24,24,600	1,21,24,24,600
(v) Nil (Previous Year 7,30,000) Equity Shares of Meghmani Chemtech Ltd. of Rs.10/- each (Refer note - iii)	-	73,00,000
(vi) 2,50,000 (Previous Year 2,50,000) Equity Shares of PT Meghmani Organics Indonesia of USD 1 each	1,23,30,000	1,23,30,000
(vii) 1 (Previous Year 1) Equity Shares of Meghmani Overseas FZE of AED 35,000 each	4,56,138	4,56,138
(viii) Nil (Previous Year 39,000) Equity Shares of Triance Speciality Chemicals Private Limited of Rs.100/- each (Refer Note i Below)	-	39,00,000
<b>(2) In Others</b>		
(i) 4 (Previous Year 4) Equity Shares of Alaukik Owners Association of Rs.100/- each - unquoted	400	400
(ii) 4,91,585 (Previous Year 4,91,585) Equity Shares of Bharuch Eco Aqua Infrastructure Ltd. of Rs.10/- each	49,15,850	49,15,850
(iii) 14,000 (Previous Year 14,000) Equity Share of Bharuch Eco Enviro Infrastructure Ltd. of Rs.10/- each	1,40,000	1,40,000
(iv) 500 (Previous Year 500) Equity Shares of Green Environment Services Co.Op.Soc. Ltd of Rs.10/- each	5,000	5,000
(v) 30,000 (Previous Year 30,000) Equity Shares of Panoli Enviro Technology of Rs.10/- each	3,00,000	3,00,000
(vi) 100 (Previous Year 100) Equity Shares of Sanand Eco Project Limited of Rs.10/- each	1,000	1,000
(vii) 2,000 (Previous Year 2,000) Equity Shares of Suvikas Peoples Co. Op. Bank Limited of Rs.50/- each	1,00,000	1,00,000
(viii) 10 (Previous Year 10) Equity Shares of Vellard View Premises Co. Op. Soc Ltd. of Rs.50/- each	500	500
(b) Investments in Government or Trust Securities - National Savings Certificate - Unquoted and fully paid	28,000	28,000
<b>Total (I)</b>	<b>1,32,58,15,351</b>	<b>1,38,07,38,450</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**12 NON-CURRENT INVESTMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>(II) Other Investments</b>		
(a) Other Non-Current Investments - Fully Paid		
(i) 2,000 (Previous Year 2,000) Equity Shares of Saket Project Ltd. of ₹ 100/- each - At realised value	20,000	20,000
(ii) 8,200 (Previous Year 8,200) Equity Shares of Lanzorate Finance Limited of ₹ 10/- each - Unquoted	82,000	82,000
<b>Total (II)</b>	<b>1,02,000</b>	<b>1,02,000</b>
<b>TOTAL (I+II)</b>	<b>1,32,59,17,351</b>	<b>1,38,08,40,450</b>

**AGGREGATE VALUE OF QUOTED INVESTMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Non-Current: Equity Shares of Saket Project Ltd.		
Carrying Amount	20,000	20,000
Market Value	Not Available	Not Available

**AGGREGATE VALUE OF UNQUOTED INVESTMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Non-Current	1,32,58,97,351	1,38,08,20,450
Aggregate Value of Provision for Diminution In Value	Nil	Nil

**Note :-** Given below are the financials of Jointly controlled entity, Trience Speciality Chemicals Pvt. Ltd. related to the Company's interests of Nil (Previous Year 39%)

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Assets	-	619,519
Liabilities	-	241,012
Incomes	-	-
Expenses	-	754,388

**Notes**

- i To set up CPVC Plant at GIDC Dahej, Bharuch, Meghmani Organics Limited, (Meghmani) Kaneka Corporation, and Mitsui & Co. (Asia Pacific) Pte. Ltd. (herein after called Joint Venture Partners) had formed the Trience Specialty Chemicals Pvt. Limited (Trience) a Joint Venture company, having equity participation in the ratio of 39%, 41% and 20% respectively.
- As per Capital Clause of Memorandum of Association of Trience, the Joint Venture Partners had to subscribe ₹ 10,00,00,000/- Trience had called to subscribe ₹ 1,00,00,000/- to meet with the Preliminary expenses. Accordingly, Meghmani Organics Limited has subscribed ₹ 39,00,000/- towards its share.

**NOTES TO THE FINANCIAL STATEMENTS**

Joint Venture Partners could not complete the Second Stage Conditions prescribed in Articles of Association by September 30, 2012, Hence as per Clause 10.3 of Articles of Association the Company has to go ahead with the voluntary liquidation.

Under Section 560 of the Companies Act, 1956 Trience has applied to strike off its name from Registrar of Companies, Gujarat (ROC). The notice has been taken on record by ROC and thereby Trience is no more in existence.

- ii The Company has sold its investment in Subsidiary - Meghmani Energy Limited during the year and consequently Meghmani Energy Limited has ceased to be a Subsidiary of the Company.
- iii Under Section 560 of the Companies Act, 1956 Meghmani Chemtech Limited has applied to strike off its name from Registrar of Companies, Gujarat. The notice has been taken on record by ROC and thereby Meghmani Chemtech Limited has ceased to be a Subsidiary of the Company.

**13 LONG TERM LOANS AND ADVANCES****Unsecured and Considered Good**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Capital Advances	87,97,017	3,81,71,969
Security Deposits	5,31,45,726	7,52,45,121
Balance with Government Authorities	41,31,017	40,90,116
<b>TOTAL</b>	<b>6,60,73,760</b>	<b>11,75,07,206</b>

**14 OTHER NON CURRENT ASSETS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Derivative Assets	-	3,04,10,898
Deposits for Margin Money with Banks exceeding one year	4,96,643	5,64,833
<b>TOTAL</b>	<b>4,96,643</b>	<b>3,09,75,731</b>

**15 INVENTORIES**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Raw Materials	48,04,98,906	51,35,52,289
Work In Process	13,15,85,148	14,69,73,331
Finished Goods	99,52,21,676	1,20,75,27,168
Finished Goods in Transit	10,67,47,815	10,82,92,008
Trading Goods	1,90,76,322	1,90,04,913
Stores & Spares	3,23,22,845	4,01,15,803
Others (Packing Material & Fuel)	4,27,67,250	5,05,81,307
(Refer Notes Below)		
<b>TOTAL</b>	<b>1,80,82,19,962</b>	<b>2,08,60,46,819</b>

## NOTES TO THE FINANCIAL STATEMENTS

**Notes :-**

- i For Method of Valuation of Inventories refer Note No - 1.11
- ii Stock of Finished Goods Includes Excise Duty of ₹ 8,36,57,637/- (P.Y. ₹ 9,83,74,176/-)
- iii The Company has written down the value of inventory and had charged the same to Raw Material Consumption (Refer Note No - 22), Packing Material Consumption (Refer Note No - 26) & Increase / Decrease in Stock (Refer Note No - 23) as under :

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Raw Materials	11,08,655	37,92,394
Finished Goods	31,66,622	30,99,652
Trading Goods	80,015	61,694
Others (Packing Material & Fuel)	61,992	19,64,538
<b>TOTAL</b>	<b>44,17,284</b>	<b>89,18,278</b>

### 16 TRADE RECEIVABLES (Unsecured and considered good)

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Exceeding Six Months	34,05,64,027	28,77,63,655
Others	2,68,54,75,455	3,02,39,39,699
<b>TOTAL</b>	<b>3,02,60,39,482</b>	<b>3,31,17,03,354</b>

- i Trade Receivables Includes ₹ 45,61,64,477/- (Previous Year: ₹ 45,04,39,444/-) due from Subsidiary Company and ₹ 78,62,049/- (Previous Year: ₹ 2,15,00,070/-) due from firm or a Company in which some of the Directors are interested.
- ii The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

### 17 CASH AND CASH EQUIVALENTS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Balance with Banks (Refer note i below)	3,05,83,157	2,21,90,383
Cash on Hand	19,82,112	14,25,311
Fixed Deposit with Banks (Refer note ii below)	7,95,07,967	5,28,98,676
<b>TOTAL</b>	<b>11,20,73,236</b>	<b>7,65,14,370</b>

**Notes :-**

- i The Current Account balance includes unpaid dividend of ₹ 35,58,190/- (P.Y. ₹ 19,48,791/-) and ₹ Nil (P.Y. ₹ 1,06,400/-) towards IPO Refund Payable which have been kept in separate earmarked accounts and transferred to IEPF section 215 of companies Act 2013.
- ii Fixed Deposit with banks is due within one year and held as margin money ₹ 32,84,529/- (P.Y. ₹ 28,98,676/-) and fixed deposit ₹ 7,62,23,438/- (P.Y. ₹ 5,00,00,000) earmarked against Debenture due for redemption in next 12 months

**NOTES TO THE FINANCIAL STATEMENTS****18 SHORT TERM LOANS AND ADVANCES (Unsecured and Considered Good)**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Unsecured Loan to Subsidiary Companies	3,89,98,875	10,47,55,650
Balance with Government Department	59,39,38,472	69,63,12,281
Advance IT & TDS (net of Provision for Tax)	17,24,41,224	16,13,12,845
MAT Credit Entitlement	3,80,00,000	1,95,00,000
Prepaid Expenses	1,76,72,199	1,05,30,400
Advance Payment to Vendors (Refer Note i below)	16,36,08,248	26,78,12,176
Staff Advances	50,51,828	50,00,747
<b>TOTAL</b>	<b>1,02,97,10,846</b>	<b>1,26,52,24,099</b>

**Notes :-**

- i Advance Payment to Vendors includes ₹ 1,20,13,528/- (P.Y. ₹ 9,28,00,313/- due from a Subsidiary Company - Meghmani Energy Limited)
- ii Loans and Advances, in the nature of loans to Subsidiary as per clause 32 of Listing Agreement are as under

PARTICULARS	(Figures in ₹)		Maximum Balance Outstanding 31 <sup>st</sup> March 2015	Maximum Balance Outstanding 31 <sup>st</sup> March 2014
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014		
Meghmani Europe BVBA, Belgium	-	6,76,66,248	6,83,61,813	7,11,68,624
PT Meghmani Organics Indonesia	3,89,98,875	3,70,89,402	3,90,17,530	4,06,70,212
Meghmani Overseas FZE, Sharjah.	-	-	-	1,05,211
<b>TOTAL</b>	<b>3,89,98,875</b>	<b>10,47,55,650</b>	<b>10,73,79,343</b>	<b>11,19,44,047</b>

**19 OTHER CURRENT ASSETS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Export Benefit Receivable	13,87,14,563	15,73,97,423
Insurance Claim Receivable	2,28,03,285	4,24,06,918
Interest Accrued	26,87,922	17,90,509
Derivative Assets	73,83,746	-
Others	-	93,27,216
<b>TOTAL</b>	<b>17,15,89,516</b>	<b>21,09,22,066</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**20 REVENUE FROM OPERATIONS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Sale of Products	9,21,87,90,728	8,72,01,60,033
Other Operating Revenue	26,30,48,981	21,26,79,781
<b>TOTAL</b>	<b>9,48,18,39,709</b>	<b>8,93,28,39,814</b>

**Break up of Sale of Products**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Pigments	4,24,42,74,192	3,94,85,94,195
Agro Chemicals	4,37,97,12,094	3,97,42,65,589
Others	59,48,04,442	79,73,00,249
<b>TOTAL</b>	<b>9,21,87,90,728</b>	<b>8,72,01,60,033</b>

**Earnings in Foreign Currencies**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Export of Goods (FOB)	6,98,03,07,586	6,78,31,11,533

**21 OTHER INCOME**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Interest Income	2,33,75,063	3,61,85,980
Dividend from Long Term Investment	14,56,33,052	30,001
<b>OTHER NON OPERATING INCOME</b>		
Commission - Export	-	4,53,079
Miscellaneous Income	1,49,30,760	19,37,040
Rent Received	19,79,597	32,42,179
<b>TOTAL</b>	<b>18,59,18,472</b>	<b>4,18,48,279</b>

Dividend Income Includes ₹ 14,56,08,552 (Previous Year ₹ Nil) received from Subsidiary Company.

**22 COST OF MATERIALS CONSUMED**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Pigments	2,49,09,95,747	2,87,78,23,823
Agro Chemicals	2,56,05,19,179	2,57,49,18,676
<b>TOTAL</b>	<b>5,05,15,14,926</b>	<b>5,45,27,42,499</b>

Includes Written down value of Raw Material of ₹ 11,08,655/- (P.Y. ₹ 37,92,394/-) (Refer Note No - 15(iii))



**NOTES TO THE FINANCIAL STATEMENTS****23 CHANGE IN INVENTORIES OF FINISHED GOODS, WIP & STOCK IN TRADE**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
(A) Opening Stock		
(i) Finished Goods	1,10,91,52,992	61,11,46,290
(ii) Trading Goods	1,90,04,913	1,91,89,505
(iii) Excise duty on Finished Goods	9,83,74,176	6,72,74,109
(iv) Goods in Transit	10,82,92,008	17,03,98,865
(v) Work-in-Process	14,69,73,331	6,55,67,815
<b>TOTAL (A)</b>	<b>1,48,17,97,420</b>	<b>93,35,76,584</b>
(B) Closing Stock		
(i) Finished Goods (Refer Note i below)	91,15,64,039	1,10,91,52,992
(ii) Trading Goods (Refer Note i below)	1,90,76,322	1,90,04,913
(iii) Excise duty on Finished Goods	8,36,57,637	9,83,74,176
(iv) Goods in Transit	10,67,47,815	10,82,92,008
(v) Work-in-Process	13,15,85,148	14,69,73,331
<b>TOTAL (B)</b>	<b>1,25,26,30,961</b>	<b>1,48,17,97,420</b>
<b>TOTAL (A - B)</b>	<b>22,91,66,459</b>	<b>(54,82,20,836)</b>

i Includes Written down value of Finished Goods of ₹ 31,66,622/- (P.Y. ₹ 30,99,652/-) (Refer Note No - 15(iii)) & Trading Goods of ₹ 80,015/- (P.Y. ₹ 61,694/-) (Refer Note No - 15(iii))

**Value of Import on CIF basis**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Raw Materials (Manufacturing)	47,39,95,049	37,93,32,875
Trading Purchases	22,35,35,031	46,27,43,739
<b>TOTAL</b>	<b>69,75,30,080</b>	<b>84,20,76,614</b>

Value of imported and indigenous raw materials, stores, components and spare parts consumed.

PARTICULARS	(Figures in ₹)			
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2014
	Imported	Indigenous	Imported	Indigenous
Stores And Spares	-	9,81,80,584	-	11,36,68,272
	-	100%	-	100%
Raw Materials	39,97,25,511	4,65,17,89,415	35,94,04,571	5,09,33,37,928
	7.91%	92.09%	6.59%	93.41%

**NOTES TO THE FINANCIAL STATEMENTS**

**24 EMPLOYEES EMOLUMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Salary & Wages	32,17,09,180	25,07,84,800
Directors Remuneration	3,36,44,569	2,69,78,298
Statutory Contribution	1,35,33,047	1,03,84,823
Staff Welfare Expenses	4,21,08,416	2,27,51,057
Labour Contract Charges	13,31,87,093	11,00,51,198
<b>TOTAL</b>	<b>54,41,82,305</b>	<b>42,09,50,176</b>

**25 FINANCIAL EXPENSES**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Interest	45,79,39,165	33,28,98,762
Other Financial Charges	1,86,41,301	1,72,51,128
<b>TOTAL</b>	<b>47,65,80,466</b>	<b>35,01,49,890</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 26 OTHERS EXPENSES

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Consumption of Stores and Spare Parts	9,81,80,584	11,36,68,272
Power and Fuel	93,46,35,069	90,07,81,884
Repairs to Buildings	1,51,06,486	1,30,97,375
Repairs to Machinery	6,71,79,713	7,63,43,894
Pollution Control Expenses	10,79,61,615	11,75,12,904
Excise Duty Expenses (Refer Note No. 34)	(1,22,95,144)	20,81,43,514
Rent (Refer Note -iii below)	81,32,882	48,60,708
Rates and Taxes	68,77,971	54,20,526
Insurance	3,07,79,985	2,38,80,465
Packing Material Consumption (Refer Note - ii below)	22,46,01,749	20,45,78,285
(Profit) / Loss on Sale of Fixed Asset	29,41,938	(24,13,394)
(Gain)/Loss on Foreign Currency transactions and translation	(11,72,48,270)	(29,93,89,443)
Loss on Derivatives	14,42,72,147	10,59,10,889
Shipping / Air Freight	21,82,86,574	17,98,50,701
Research and Development Expenses (Refer Note - v below)	1,09,69,523	1,37,90,638
Miscellaneous Expenses (See Note -i below)	38,25,63,161	41,33,68,243
Payments to the Auditors :		
(a) as Auditors	21,00,001	18,50,001
(b) for Taxation matters	2,35,000	3,00,000
(c) for Company Law matters	2,13,000	-
(d) for Other Services	3,00,000	2,50,000
(e) for Reimbursement of Expenses	1,800	-
<b>TOTAL</b>	<b>2,12,57,95,784</b>	<b>2,08,18,05,462</b>

#### Notes :-

- i Excise duty Expenses includes ₹ 1,47,16,539/- being decrease (Previous Year ₹ 3,11,00,067/-increase) pertains to variation in opening and closing stock of finished goods.
- ii Packing Material Consumption includes written down value of Packing Material of ₹ 61,992/- (P.Y. ₹ 19,64,538/-) (Refer Note No - 15(iii))
- iii The Company has operating lease from various premises which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases charged to Statement of Profit and Loss for the year ₹ 81,32,882/- (Previous Year: ₹ 48,60,708/-).  
Not later than 1 year ₹ 81,32,882/- (Previous Year: ₹ 48,60,708/-)
- iv The Company has not incurred or spent any expenditure towards Corporate Social Responsibility (CSR) activity.

#### iv Expenditure in Foreign Currency are as under

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Foreign Traveling Expenses	48,02,380	1,38,91,491
Sales Commission	6,41,83,419	5,07,35,819
Other Expenses	9,59,96,419	7,31,02,140
<b>TOTAL</b>	<b>16,49,82,218</b>	<b>13,77,29,450</b>

**NOTES TO THE FINANCIAL STATEMENTS**

v Above expenses includes Research & Development related expenses as follows

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Salary & Wages	62,45,856	69,69,105
Raw Material Consumption	11,51,162	17,44,106
Consumables & Spares and Others	46,068	8,91,863
Electricity Expenses	13,80,942	17,69,236
Annual Maintenance Contract & Repairing	3,79,250	2,83,268
Computer Maintenance	13,231	22,915
Repairs to Other Asset	35,599	-
Stationery Expenses	32,074	9,724
Telephone, Mobile & Internet Expenses	78,319	1,57,642
Travelling Exepense	4,77,422	12,22,996
Vehicle Expenes	8,98,026	5,28,589
Conveyance Expense	20,298	-
Miscellaneous Expense	2,11,276	1,68,499
Books & Periodicals	-	22,695
<b>TOTAL</b>	<b>1,09,69,523</b>	<b>1,37,90,638</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Expenditure related to Research and Development for the Last Five year

Sub Head of Expenditure	Nature of Cost	2014-15	2013-14	2012-13	2011-12	2010-11
Capital Expenditure	Building	-	-	-	-	-
	Plant & Machinery	-	16,04,351	-	-	33,18,214
	Furniture & Fixtures	-	-	5,25,000	-	41,400
	Vehicles	-	-	-	-	6,18,012
	Computers	-	16,850	-	25,900	1,32,600
	Others Equipments	53,500	58,300	-	7,500	13,750
	Product Licences	-	-	17,19,805	94,41,895	1,46,98,303
<b>Capital Expenditure</b>		<b>53,500</b>	<b>16,79,501</b>	<b>22,44,805</b>	<b>94,75,295</b>	<b>1,88,22,279</b>
Revenue Expenditure						
	Salary & Wages	62,45,856	69,69,105	55,53,478	32,40,159	16,76,182
	Material	11,51,162	17,44,106	22,78,018	13,12,605	26,17,930
	Consumables & Spares and others	46,068	8,91,863	77,730	1,22,186	1,30,751
	Electricity Expenses	13,80,942	17,69,236	20,54,566	27,10,605	-
	Repairs & Maintenance	3,79,250	2,83,268	2,32,165	59,294	83,492
	Computer Maintenance	13,231	22,915	1,838	1,800	-
	Repairs to Other Assets	35,599	-	30,440	-	-
	Stationery Expenses	32,074	9,724	2,190	1,722	23,867
	Telephone, Mobile & Internet Expenses	78,319	1,57,642	36,555	7,238	-
	Travelling Expenses	4,77,422	12,22,996	2,54,735	-	2,500
	Vehicle Expenses	8,98,026	5,28,589	-	-	-
	Conveyance Expense	20,298	-	-	-	-
	Miscellaneous Expense	2,11,276	1,68,499	1,09,875	-	-
	Rent , Rates & Taxes	-	-	-	1,35,000	1,80,000
	Contract Employee Fees	-	-	-	50,000	20,25,000
	Outsourced R & D Activities	-	-	-	1,10,000	-
	Advertisement - Recruitment	-	-	-	19,158	-
	Books & Periodicals	-	22,695	-	-	-
Revenue Expenditure		1,09,69,523	1,37,90,638	1,06,31,590	77,69,767	67,39,722
<b>Total</b>		<b>1,10,23,023</b>	<b>1,54,70,139</b>	<b>1,28,76,395</b>	<b>1,72,45,062</b>	<b>2,55,62,001</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 27 EXCEPTIONAL ITEMS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
(Profit) / Loss on Sale of Fixed Assets (Land)	(1,94,41,256)	-
(Profit) / Loss on Sale of Investment	4,33,23,159	-
Investment Written Off	1,12,00,000	-
<b>TOTAL</b>	<b>3,50,81,903</b>	<b>-</b>

Exceptional Item consists of Profit on Sale of Land at GIDC Ankleshwar and Loss on Sale of Long term Investment in subsidiary - Meghmani Energy Limited.

Investment written off includes investment in (i) joint venture - Triance Specility Chemicals Private Limited and (ii) subsidiary - Meghmani Chemtech Limited)

### 28 EXTRAORDINARY ITEMS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Shortfall of Insurance Claim	-	49,54,417
<b>TOTAL</b>	<b>-</b>	<b>49,54,417</b>

Extra ordinary Item consists of Short Claim Received from Insurance Company for loss due to Fire at Agro Division IV Panoli during the Financial Year 2013-2014.

### 29 EARNING PER SHARE

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Net Profit after tax attributable to shareholders before Extra Ordinary Item	26,21,58,094	12,07,26,570
Less - Extra Ordinary Item	-	49,54,417
Net Profit after tax attributable to shareholders after Extra Ordinary Item	26,21,58,094	11,57,72,153
Weighted average number of equity shares at the end of year	25,43,14,211	25,43,14,211
Nominal value of share	1	1
Basic / Diluted Earning Per Share before Extra ordinary items	1.03	0.47
Basic / Diluted Earning Per Share after Extra ordinary items	1.03	0.46

**NOTES TO THE FINANCIAL STATEMENTS****30 EMPLOYEE BENEFITS - AS 15**

As per revised Accounting Standard 15 (AS-15) "Employees Benefits", the Company has recognized in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on 31st March 2015

**(A) Defined Benefit Plans****I. Components of Employer Expenses**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Current Service Cost	34,30,827	30,80,624	4,17,934	4,35,667
Interest Cost	40,25,244	33,15,052	2,03,790	1,53,420
Expected Return on Plan Assets	(19,73,441)	(19,28,272)	-	-
Actuarial (Gain)/Loss	86,59,757	(16,51,320)	2,24,153	60,446
Total Expenses/(Gain) recognized in the Profit & Loss Account	1,41,42,387	28,16,084	8,45,877	6,49,533

**II Net Asset/ (Liability) recognized in Balance Sheet**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Present value of Funded Obligation	5,77,58,629	4,35,16,153	26,31,687	22,03,139
Fair Value of Plan Assets	(2,68,19,488)	(2,26,83,226)	-	-
(Assets)/Liability recognized in the Balance Sheet	3,09,39,141	2,08,32,927	26,31,687	22,03,139

**III Change in Defined Benefit Obligations (DBO)**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Opening balance of Present Value of Obligation	4,35,16,153	4,01,82,454	22,03,139	18,59,631
Current Service Cost	34,30,827	30,80,624	4,17,934	4,35,667
Interest Cost	40,25,244	33,15,052	2,03,790	1,53,420
Actuarial (Gain)/Loss	88,92,076	(16,95,660)	2,24,153	60,446
Benefit Paid	(21,05,671)	(13,66,317)	(4,17,329)	(3,06,025)
Closing Balance of Present Value of Obligation	5,77,58,629	4,35,16,153	26,31,687	22,03,139

**IV Changes in the Fair value of Plan Assets**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Opening Balance of Present Value of Plan Assets	2,26,83,226	2,21,64,048	-	-
Expected Return on Plan Assets	19,73,441	19,28,272	-	-
Actuarial Gain/(Loss)	2,32,319	(44,340)	-	-
Contribution by Employer	40,36,173	1,563	-	-
Benefit Paid	(21,05,671)	(13,66,317)	-	-
Fair Value of Plan Assets as at 31st March	2,68,19,488	2,26,83,226	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### V Actuarial Assumptions

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Discount Rate (per annum)	9.25%	8.25%	9.25%	8.25%
Expected Rate of Return on Assets p.a.	8.70%	8.70%	-	-
Annual Increase in Salary Costs p.a.	6.00%	6.00%	6.00%	6.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

### VI Major Categories of plan assets as a percentage of total plan assets

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Government of India Securities	0.00%	0.00%	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Insurance Company	100.00%	100.00%	0.00%	0.00%

### VII Movement in net liability recognized in balance Sheet

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Net opening liability	2,08,32,927	1,80,18,406	22,03,139	18,59,631
P & L Charges	1,41,42,387	28,16,084	8,45,877	6,49,533
Contribution paid	(40,36,173)	(1,563)	(4,17,329)	(3,06,025)
Closing net liability	3,09,39,141	2,08,32,927	26,31,687	22,03,139

#### (A) Defined Contribution Plans

Amount recognised as expenses on account of "Contribution / Provision to and for Provident and other Funds" of Statement of Profit and Loss - ₹ 1,13,01,970/- (Previous year ₹ 85,32,807/-)

### 31. SEGMENT REPORTING

For Management purpose, the Company is currently organised into two major operating divisions – Pigments and Agro Chemicals. These divisions are the basis on which the Company reports its primary segment information.

Principal activities are as follows:

#### Pigment Business

To Manufacture and distribute Phthalocynine Green 7, Copper Phthalocynine Blue (CPC), Alpha Blue and Beta Blue.

#### Agrochemicals Business

To Manufacture and sales of Technical, Intermediates and Formulations of Insecticides.



**NOTES TO THE FINANCIAL STATEMENTS****(a) Analysis By Business Segment****Segment revenue and expense:**

Segment revenue and expense are the operating revenue and expense reported in the Company's Statement of profit and loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

**Segment Assets and Liabilities:**

Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital Expenditure includes the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued expenses.

**Inter-segment transfers:**

Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market rates. These transfers are eliminated at the Company level.

**Financial year ended on 31<sup>st</sup> March, 2015:****(Figures in ₹)**

	Pigments	Agro	Others*	Elimination	Total
<b>Revenue</b>					
External Sales	4,24,42,74,192	4,37,97,12,094	59,48,04,442	-	9,21,87,90,728
Other Operating Revenue	7,43,33,039	17,93,81,855	93,34,087	-	26,30,48,981
Total Revenue	4,31,86,07,231	4,55,90,93,949	60,41,38,529	-	9,48,18,39,709
<b>Results</b>					
Segment Results	25,52,77,924	40,05,69,931	92,39,660	-	66,50,87,515
Un-allocable (Expenses)/Income					2,33,75,063
<b>Profit from Operation</b>					<b>68,84,62,578</b>
Finance Cost					(47,65,80,466)
Investments Income					14,56,33,052
<b>Profit before exceptional items</b>					<b>35,75,15,164</b>
Exceptional Items					(3,50,81,903)
Extraordinary Items					-
<b>Profit Before Tax</b>					<b>32,24,33,261</b>
Income tax Expenses					(2,69,56,463)
Deferred Tax					(3,33,18,704)
<b>Profit After Tax</b>					<b>26,21,58,094</b>
<b>Other information</b>	<b>Pigments</b>	<b>Agro Chemicals</b>	<b>Others</b>	<b>Unallocable</b>	<b>Total</b>
Capital Addition	33,70,21,554	17,64,50,815	29,251	37,77,372	51,72,78,992
Depreciation	(17,28,79,552)	(17,66,31,584)	(7,79,744)	-	(35,02,90,880)
Non-Cash Items	(1,70,34,257)	(3,54,58,682)	(28,96,758)	-	(5,53,89,697)
<b>Balance sheet</b>	<b>Pigments</b>	<b>Agro Chemicals</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>Assets</b>					
Segment Assets	5,42,30,14,973	5,64,25,64,336	29,89,12,085	-	11,36,44,91,395
Un-allocable Corporate Assets					21,04,41,224
<b>Total assets</b>					<b>11,57,49,32,619</b>
<b>Liabilities</b>					
Segment Liabilities	2,61,74,71,766	2,74,17,42,661	24,57,72,629	-	5,60,49,87,055
Unallocable Liabilities					3,57,11,157
Deferred Tax Liabilities					27,46,42,333
<b>Total Liabilities</b>					<b>5,91,53,40,545</b>

\*Others include Trading Activity

## NOTES TO THE FINANCIAL STATEMENTS

Financial year ended on 31<sup>st</sup> March, 2014:

(Figures in ₹)

	Pigments	Agro Chemicals	Others*	Elimination	Total
<b>Revenue</b>					
External Sales	3,94,85,94,195	3,97,42,65,589	79,73,00,249		8,72,01,60,033
Other Operating Revenue	6,68,66,564	13,31,89,576	1,26,23,641		21,26,79,781
Total Revenue	4,01,54,60,759	4,10,74,55,165	80,99,23,890	-	8,93,28,39,814
<b>Results</b>					
Segment Results	20,45,56,104	28,37,05,269	(2,37,23,257)	-	46,45,38,116
Interest Income					
Un-allocable (Expenses)/Income					3,61,85,980
<b>Profit from Operation</b>					<b>50,07,24,096</b>
Finance Cost					(35,01,49,890)
Investments Income					30,001
<b>Profit before exceptional items</b>					<b>15,06,04,207</b>
Extraordinary Items					(49,54,417)
<b>Profit Before Tax</b>					<b>14,56,49,790</b>
Income tax Expenses					(1,15,00,000)
Deferred Tax					(1,83,77,637)
<b>Profit After Tax</b>					<b>11,57,72,153</b>
<b>Other information</b>	<b>Pigments</b>	<b>Agro Chemicals</b>	<b>Others</b>	<b>Unallocable</b>	<b>Total</b>
Capital Addition	60,82,48,854	16,75,85,736	6,06,040	81,69,678	78,46,10,308
Depreciation	(11,98,36,952)	(18,78,87,500)	(57,16,935)	-	(31,34,41,387)
Non-Cash Items	6,36,88,481	3,88,64,108	1,38,70,265	-	11,64,22,854
<b>Balance sheet</b>	<b>Pigments</b>	<b>Agro Chemicals</b>	<b>Others</b>		<b>Total</b>
<b>Assets</b>					
Segment Assets	5,56,83,60,128	6,17,27,13,283	47,93,98,884	-	12,22,04,72,295
Un-allocable Corporate Assets					18,08,12,845
<b>Total assets</b>					<b>12,40,12,85,140</b>
<b>Liabilities</b>					
Segment Liabilities	3,22,00,01,923	3,13,69,71,360	33,02,47,396	-	6,68,72,20,680
Unallocable Liabilities					6,61,98,371
Deferred Tax Liabilities					25,22,00,694
<b>Total Liabilities</b>					<b>7,00,56,19,745</b>

\*Others includes trading activity and Power generation

### (b) Analysis By Geographical Segment

#### Segment Revenue:

Segment revenue is analysed based on the location of customers regardless of where the goods are produced. The following provides an analysis of the Company's sales by geographical Markets:

PARTICULARS	(Figures in ₹)	
	2014-2015	2013-2014
Export Sales	7,10,77,74,070	6,89,46,13,327
Domestic Sales	2,11,10,16,658	1,82,55,46,706
<b>Total</b>	<b>9,21,87,90,728</b>	<b>8,72,01,60,033</b>

## NOTES TO THE FINANCIAL STATEMENTS

### (c) Segment Assets and Capital expenditure :

Segment Assets and Capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to purchase property, plant and equipment.

An analysis of the carrying amount of segment assets and capital expenditure by geographical locations is not presented, as the assets are all located in India.

### 32 RELATED PARTIES DISCLOSURES :-

- |  |   |   |
|--|---|---|
| • Holding Company  | : | Nil   |
| • Subsidiaries of the company  | : | Meghmani Organics USA, Inc.(MOL-USA)<br>Meghmani Europe BVBA(MOL-EUROPE)<br>PT Meghmani Organics Indonesia(MOL-INDONESIA)<br>Meghmani Overseas FZE-Dubai<br>Meghmani Energy Limited (MEL)*<br>Meghmani Finechem Limited (MFL)<br>Meghmani Chemtech Limited (MCTL)*  |
| • Enterprises in which Key Managerial Personnel [KMP] & their relatives have significant influence | : | Meghmani Pigments<br>Ashish Chemicals<br>Tapsheel Enterprise<br>Meghmani Infrastructures<br>Meghmani Dyes & Intermediates Pvt Ltd<br>Meghmani Industries Limited<br>Meghmani Chemicals Limited<br>Fidelity Exports Private Limited<br>Vidhi Global Chemicals Limited<br>Vanguard Overseas Limited<br>Panchratna Corporation<br>Meghmani Unichem LLP<br>Matangi Industries<br>Meghmani Industries Limited - SEZ Unit<br>Diamond Engineering Co.<br>Delta Electricals |
| • Key Managerial Personnel   | : | Mr. Jayanti M Patel<br>Mr. Ashish N Soparkar<br>Mr. Natwarlal M Patel<br>Mr. Ramesh M Patel<br>Mr. Anand I Patel  |
| • Relatives of Key Managerial Personnel (Employee)   | : | Ms. Deval Soparkar<br>Mr. Karana R Patel<br>Mr. Ankit N Patel<br>Mr. Darshan Patel  |
| • Relative of Key Managerial Personnel   | : | Taraben J Patel   |
| • Joint Venture  | : | Trience Speciality Chemicals Private Limited*   |

\*Ceased to be subsidiary and joint venture as on 31st March 2015.

**NOTE - 32 RELATED PARTIES DISCLOSURES**

**Related Parties Material Transactions**

(Figures in ₹)

Particulars	Subsidiary		Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		KMP		Relatives of Key Managerial Personnel		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Purchase of Goods	26,58,38,417	25,60,27,102	47,77,36,005	14,46,95,352	-	-	-	-	74,35,74,422	40,07,22,454
Sale of Goods	64,98,04,080	61,86,43,692	37,00,84,632	8,40,81,691	-	-	-	-	1,01,98,88,712	70,27,25,383
Sale of Fixed assets	5,94,664	-	4,50,000	66,504	-	-	-	-	10,44,664	66,504
Sale of Services - Joint Venture*	6,75,000	12,00,000	-	-	-	-	1,98,000	-	6,75,000	12,00,000
Purchase of Service	13,87,386	-	37,840	-	-	-	-	-	16,23,226	-
Purchase of Assets	7,25,00,000	6,63,106	-	-	-	-	-	-	7,25,00,000	6,63,106
Remuneration	-	-	-	-	-	-	31,61,382	28,19,320	3,68,05,951	2,97,97,618
Loans Taken (MFL)	-	7,00,00,000	-	-	-	-	-	-	-	7,00,00,000
Loans Repaid (MFL)	-	37,50,00,000	-	-	-	-	-	-	-	37,50,00,000
Loans Given	3,11,800	-	-	-	-	-	-	-	3,11,800	-
Loans Repaid	6,22,32,880	76,751	-	-	-	-	-	-	6,22,32,880	76,751
Sale of Investment	4,37,23,099	-	-	-	-	-	-	-	4,37,23,099	-
Interest Paid	-	1,34,21,129	-	-	25,61,644	-	-	-	25,61,644	1,34,21,129
Dividend Paid / (Received)	(14,56,08,552)	-	-	-	3,42,04,483	85,69,745	29,44,000	7,36,000	(10,84,60,069)	93,05,745
Interest Income	-	-	-	-	-	-	-	-	-	-
Rent Income (MEL)	-	6,00,000	-	-	-	-	-	-	-	6,00,000
<b>Total</b>	<b>95,14,58,774</b>	<b>1,33,56,31,779</b>	<b>84,83,08,477</b>	<b>22,88,43,547</b>	<b>7,04,10,696</b>	<b>3,55,48,043</b>	<b>63,03,382</b>	<b>35,55,320</b>	<b>1,87,64,81,329</b>	<b>1,60,35,78,689</b>

**Transaction with trience Speciality Chemical Pvt. Ltd.**

**Outstanding Balances with Related Parties**

(Figures in ₹)

Particulars	Subsidiary		Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		KMP		Relatives of Key Managerial Personnel		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Debtors	45,61,64,477	45,04,39,444	78,62,049	2,15,00,070	-	-	-	-	46,40,26,526	47,19,39,514
Creditors	4,43,68,915	3,87,01,532	4,00,78,968	5,72,90,390	-	-	-	-	8,44,47,883	9,59,91,922
Salary, PF & Gratuity Payable	-	-	-	-	13,70,500	9,52,700	1,61,780	1,47,606	15,32,280	11,00,306
Loans and Advances	3,89,98,875	10,47,55,650	-	-	-	-	-	-	3,89,98,875	10,47,55,650
<b>Total</b>	<b>53,95,32,267</b>	<b>59,38,96,626</b>	<b>4,79,41,017</b>	<b>7,87,90,460</b>	<b>13,70,500</b>	<b>9,52,700</b>	<b>1,61,780</b>	<b>1,47,606</b>	<b>58,90,05,564</b>	<b>67,37,87,392</b>

**MATERIAL TRANSACTIONS WITH RELATED PARTIES**

(Figures in ₹)

Name of Related Parties	Sale of Goods / Services 1		Sale of Assets 2		Purchase of Goods / Services 3		Purchase of Assets 4	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Subsidiary / Joint Venture</b>								
Meghmani Organics USA Inc.	47,14,74,274	41,62,94,814				-		
Meghmani Europe BVBA	13,00,85,115	20,35,47,874				-		
Meghmani Energy Limited						-		
Meghmani Finechem Limited		-	5,94,664		25,90,74,942	25,60,27,102	7,25,00,000	6,63,106
PT Meghmani Organics Indonesia		-				-		
Meghmani Overseas FZE	-					-		
Meghmani Chemtech Limited								
Triance Speciality Chemicals Private Limited	-	-						
<b>Enterprises in which Directors &amp; Key Managerial Personnel [KMP] have significant influence</b>								
Meghmani Pigments		-			13,87,69,235	11,92,15,094		
Ashish Chemicals		-			-	-		
Meghmani Industries Limited	-	-	4,50,000	66,504	-	-		
Meghmani Dyes & Intermediate Ltd	-	-			-	-		
Meghmani Chemicals Limited	-	-			-	-		
Matangi Industries		-			-	-		
Panchratna Corporation								
Panchratna Corporation								
Tapasheel Enterprise	-	-			-	-		
Vidhi Global Chemicals Limited	32,41,66,999	82,59,700			32,51,98,536	-		
Diamond Engineering Co.					-	-		
Delta Electricals					-	-		
Meghmani Unichem LLP	-	-		-	-	-		
<b>Key Managerial Personnel</b>								
Jayanti Patel								
Ashish Soparkar								
Natwarlal Patel								
Ramesh Patel								
Anand Patel								
<b>Relatives of Key Managerial Personnel</b>								
Taraben Patel								
Deval Soparkar								
Karana Patel					1,98,000			
Ankit Patel								
Darshan Patel								
<b>Total</b>	<b>92,57,26,388</b>	<b>62,81,02,388</b>	<b>10,44,664</b>	<b>66,504</b>	<b>72,32,40,713</b>	<b>37,52,42,196</b>	<b>7,25,00,000</b>	<b>6,63,106</b>

## MATERIAL TRANSACTIONS WITH RELATED PARTIES

Name of Related Parties		Sale of Investment 5	Interest Paid 6	Remuneration 7	Loans Taken 8	Loans/Advance Given (Repaid) 9	Loans Repaid 10	Dividend Paid / (Received) 11	Total (1 + 11)
Subsidiary / Joint Venture		31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Meghmani Organics USA Inc.									31.03.2015 31.03.2014
Meghmani Europe BVBA									47,14,74,274 41,62,94,814
Meghmani Energy Limited	4,37,23,099						6,22,32,880	-	19,23,17,965 20,35,47,874
Meghmani Finechem Limited									19,73,23,099 5,71,52,347
PT Meghmani Organics Indonesia			- 1,34,21,129		- 7,00,00,000		37,50,00,000	(14,55,08,552)	- 11,40,61,054 71,44,48,231
Meghmani Overseas FZE		-	-			3,11,800			3,11,800
Meghmani Chemtech Limited						(76,751)			- (-76,751)
Trance Speciality Chemicals Private Limited									-
Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence									-
Meghmani Pigments									
Ashish Chemicals									13,87,69,235 11,92,15,094
Meghmani Industries Limited									-
Meghmani Dyes & Intermediate Ltd									4,50,000 66,504
Meghmani Chemicals Limited									-
Malangi Industries									-
Panchratna Corporation						- 1,00,00,000			- 1,00,00,000
Panchratna Corporation						- (16,00,00,000)			- 16,00,00,000
Tapasheel Enterprise									-
Vidhi Global Chemicals Limited									64,93,65,535 82,59,700
Diamond Engineering Co.									
Delta Electricals									
Meghmani Unichem									
Key Managerial Personnel									
Jayanti Patel			6,40,411	67,31,091	53,94,136			74,24,156	18,87,395 1,47,95,658 72,81,531
Ashish Soparkar			6,40,411	67,27,483	53,97,947			98,47,179	24,49,063 1,72,15,073 78,47,010
Natwarlal Patel			6,40,411	67,27,483	53,97,947			1,03,64,191	25,91,048 1,77,32,085 79,88,995
Ramesh Patel			3,84,247	67,31,091	53,94,134			65,68,957	16,42,239 1,36,84,295 70,36,373
Anand Patel			2,56,164	67,27,421	53,94,134				69,83,585 53,94,134
Relatives of Key Managerial Personnel									-
Taraben Patel								29,44,000	7,36,000 29,44,000 7,36,000
Deval Soparkar				13,11,343	10,45,926				13,11,343 10,45,926
Karana Patel				7,84,398	7,30,548				9,82,398 7,30,548
Ankit Patel				5,51,966	5,44,402				5,51,966 5,44,402
Darshan Patel				5,13,675	4,98,444				5,13,675 4,98,444
Total	4,37,23,099	-	25,61,644 1,34,21,129	3,68,05,951 2,97,97,618	- 7,00,00,000 8,14,11,800	-9,35,87,570	6,22,32,880 37,50,00,000	-10,84,60,069	93,05,745 1,84,07,870 1,40,80,11,776

**NOTES TO THE FINANCIAL STATEMENTS****33. DISCLOSURES ON FINANCIAL DERIVATIVES (AS-30)**

The Company uses derivative financial instruments such as Forwards, Swaps and Options to hedge its risks associated with foreign exchange fluctuations. The Company uses Interest Rate Swaps specifically to protect against Interest Rate Volatility on the floating rate External Commercial Borrowings (ECBs). It also uses Cross Currency Swaps to protect against foreign currency exchange rate as well as interest rate fluctuations on its foreign currency loans. Swaps and Forwards are also used to hedge the currency risk inherent in the settlement of the Liabilities denominated in foreign exchange

For derivative financial instruments and foreign currency monetary items designated as Cash Flow hedges, the effective portion of the fair value of the derivative financial instruments are recognized in Hedge Reserve and reclassified to Statement of Profit and Loss as per guidance in AS 30. Hedge reserves have been credited to the extent of ₹ 18,01,86,501/- during the financial year 2014-15 (Debited during financial year 2013-14 ₹ 12,82,48,806/-). During the financial year 2014-15 ₹ 5,61,39,959/- has been recycled from the Reserves and credited to the Statement of Profit and Loss (during financial year 2013-14 ₹ 9,40,84,074/- was debited to Statement of Profit and Loss).

The ineffective portion of the change in fair value of such instruments is recognised in the Profit and Loss in the period in which they arise. The various cash flows with reference to the hedged items and the hedging instruments are expected to occur over the coming years and are expected to affect the Statement of Profit and loss account over the same period of time. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, hedge accounting is discontinued and the fair value changes arising from the derivative financial instruments are recognized in Statement of Profit and Loss.

In line with the Company's risk management policy, the various financial risks mainly relating to changes in the exchange rates and interest rates are hedged by using a combination of forward contracts, swaps and other derivative contracts, besides the natural Hedges.

**(A) Particulars of the derivative contracts entered into for hedging purpose outstanding as on reporting date are as under:**

PARTICULARS	No. of Contr acts	31 <sup>st</sup> March 2015		No. of Contr acts	31 <sup>st</sup> March 2014	
		Exposure in INR	Mark to Market Value		Exposure in INR	Mark to Market Value
<b>FOR HEDGING FOREIGN CURRENCY RISK</b>						
1) Forward Contracts for receivables including firm commitments and highly probable forecasted transactions	53	77,90,63,000	73,83,746	-	-	-
2) Forward Contracts for payables including firm commitments and highly probable forecasted transactions	-	-	-	-	-	-
3) Currency Swaps (ECB & NCD)	2	69,19,64,929	(20,07,29,231)	5	1,47,77,38,591	(34,31,21,088)
4) Option Contracts	-	-	-	-	-	-
5) Interest Rate Swap	2	70,65,74,063	(62,99,090)	4	1,34,08,03,535	(2,14,33,861)
<b>Total of Derivative Contracts entered into for Hedging Purpose</b>		<b>2,17,76,01,992</b>	<b>(19,96,44,575)</b>		<b>2,81,85,42,126</b>	<b>(36,45,54,949)</b>

**(B) Out of the above, Derivative Instruments entered into for hedging but not qualifying for hedge under AS 30 are as under :-**

PARTICULARS	No. of Contr acts	31 <sup>st</sup> March 2015		No. of Contr acts	31 <sup>st</sup> March 2014	
		Exposure in INR	Mark to Market Value		Exposure in INR	Mark to Market Value
1) Options	-	-	-	-	-	-
2) Cross Currency Swaps	0	-	-	1	14,14,47,152	3,04,10,898
3) Interest Rate Swaps	2	70,65,74,063	(62,99,090)	4	1,34,08,03,535	(2,14,33,861)
Total of Derivative Instrument ineffective under AS 30		70,65,74,063	(62,99,090)		1,48,22,50,687	89,77,037

Foreign Currency Exposure that are not hedged by derivative instruments as on 31st March 2015 amounted to ₹ 70,65,74,063/- (P.Y. ₹ 1,48,22,50,687/-)

## NOTES TO THE FINANCIAL STATEMENTS

### 34 CONTINGENT LIABILITIES and COMMITMENTS A NOT PROVIDED FOR IN THE ACCOUNTS

PARTICULARS	(Figures in ₹)	
	As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014
In respect of Bank Guarantee	12,56,61,282	12,90,18,599
In respect of Letter of Credit	32,65,19,275	22,76,19,135
In respect of Corporate Guarantee	1,05,35,71,375	1,79,08,00,017

Name of Statute	Nature of Dues	(Figures in ₹)		Forum where Dispute is pending
		As at 31 <sup>st</sup> March 2015	As at 31 <sup>st</sup> March 2014	
Income Tax Act.	Income Tax / Penalty for Various Financial Year 2000-2001, 2002-2003 to 2008-2009	5,82,12,413	6,45,90,593	Commissioner of Income Tax (Appeal) / Income Tax Applicant Tribunal / High Court.
Central Excise Tariff Act.	Excise Duty/ Penalty/ Interest	3,87,26,873	3,87,26,873	Commissioner of Central Excise / Director General of Central Excise / Audit team of Central Excise / Central Excise Service tax Appellate Tribunal
Service Tax	Service Tax/ Penalty/ Interest	3,10,75,189	2,81,86,979	Commissioner of Central Excise / Deputy Commissioner of Central Excise / Central Excise Services Tax Appellate Tribunal
Labour Laws	Compensation Claims	1,76,44,659	1,76,65,351	Labour Court
Value Added Tax	Input Tax Credit	2,29,13,312	2,29,13,312	The Joint Commercial Tax Commissioner Appeal 1

B The estimated amount of contracts remaining to be executed on capital accounts of ₹ 1,19,74,608 (Previous Year: ₹ 4,58,93,008) is not provided for.

### SIGNATURE TO NOTES 1 TO 34

**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS**

**D C Shah**  
Chief Financial Officer

**M. M. KHANDWALA**  
PARTNER  
M. NO.: 32472

**K. D. Mehta**  
Company Secretary

**For and on Behalf of Board**

**J. M. PATEL – Executive Chairman (DIN - 00027224)**  
**A. N. SOPARKAR – Managing Director (DIN - 00027480)**  
**N. M. PATEL – Managing Director (DIN - 00027540)**

**PLACE : AHMEDABAD**  
**DATE : 22<sup>nd</sup> MAY, 2015**

**PLACE : AHMEDABAD**  
**DATE : 22<sup>nd</sup> MAY, 2015**



# CONSOLIDATED ACCOUNTS

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF MEGHMANI ORGANICS LIMITED**

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

We have audited the accompanying Consolidated Financial Statements of **MEGHMANI ORGANICS LIMITED** ( the "Company") and its subsidiaries (collectively referred to as group) and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated 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 Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the Consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and Jointly controlled entities 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. The respective Board of Directors of the companies included in the Group and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**INDEPENDENT AUDITOR'S REPORT****Other Matters**

- (a) Financial Statement of three Subsidiaries and one Joint Venture which reflect total assets of ₹ 5,356,210,177 as at 31st March, 2015, total revenue ₹ 3,542,106,583 and net Cash flow amounting to ₹ (253,934,368) for the year ended as at 31st March, 2015, have been audited by us.
- (b) We did not audit the financial statement of two Subsidiaries, whose financial statements reflects total asset of ₹ 322,593,190 as at 31st March, 2015, total revenue ₹ 529,784,637 and net cash flow amounting to ₹ (1,877,458) for the year ended as at 31st March, 2015, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub Section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (c) We did not audit the financial statements of two subsidiaries, whose financial statement reflects total assets of ₹ 162,910,375, total revenue of ₹ 272,068,697 and net Cash flow amounting to ₹ 3,957,491 for the year ended as at 31st March, 2015, as considered in the consolidated financial statements. These financial statements are Unaudited and have been furnished to us by the Management as approved by the respective Board of Directors of these companies and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub Section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our Opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below is modified in respect of the above matters with respect to our reliance on the reports of the other auditors and the financial statements / financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

As required by 'The Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub Section (11) of Section 143 of the Act (hereinafter referred to as the "Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

**INDEPENDENT AUDITOR'S REPORT**

- (f) 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. There were no pending litigations which would impact the consolidated financial position of the Group..
  - ii. Provisions has been made in the Consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 34 to the Consolidated financial statements in respect of such items as it relates to the Group.
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by Holding Company and its subsidiary Companies incorporated in India during the year ended March 31, 2015

**PLACE : AHMEDABAD**  
**DATE : 22<sup>nd</sup> MAY, 2015**

**FOR KHANDWALA & KHANDWALA**  
**CHARTERED ACCOUNTANTS**  
**FRN 107647 W**  
**M. M. KHANDWALA**  
**P A R T N E R**  
**M. NO.: 32472**

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### Referred to in Paragraph 1 of the Report on Other Legal & Regulatory Requirements of Independent Auditor's Report of Even date

Our reporting on the Order includes three Subsidiary Companies incorporated in India to which the order is applicable, which have been audited by us. On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report to the extent:

- i. (a) The respective entities, where applicable, have maintained records under SAP showing full particulars including quantitative details and situation of its fixed assets.
- (b) Fixed assets have been physically verified by the management of the respective entities at reasonable intervals; no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. (a) As explained to us, inventories have been physically verified during the year by the management of the respective entities, where applicable at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
- (c) In our opinion and on the basis of our examination of the records, the respective entities have generally maintained proper records of their inventories. No material discrepancies were noticed on physical verification of stocks by the management as compared to book records.
- iii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Holding Company has granted loans, secured or unsecured, to its two subsidiary Companies covered in the register maintained under Section 189 of the Companies Act, 2013. Subsidiary Companies incorporated in India have not granted any loans secured or unsecured, to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 by the respective entities
- (b) In respect of aforesaid loans, the Holding company has not charged interest on loan given to Subsidiaries, other terms and conditions of loan given by the Company are prima facie not prejudicial to the interest of the company.
- (c) The said interest free loan given to Subsidiary of the Companies are repayable on demand.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control system in the Holding Company, Subsidiary Companies and Jointly Controlled entities incorporated in India commensurate with the size of the Company and the nature of its business, for the purchase of inventories, fixed assets and for sale of goods and services. Further, on the basis of our examination of books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weakness in the aforesaid internal control system.
- v. According to the information and explanations given to us, the Holding Company, Subsidiary Companies and Jointly Controlled entities incorporated in India have not accepted any deposits from the public covered under the provision of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under to the extent notified.
- vi. According to the information and explanations given to us, the Holding Company and one Subsidiary Company incorporated in India have prima facie made & maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended by sub section (1) of Section 148 of the Companies Act, 2013. We have broadly reviewed the books of accounts maintained by the Company under SAP environment. We have not however made detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information & explanations given to us and the records of of the Holding Company & Subsidiary Companies examined by us, in our opinion, undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Income Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues, to the extent applicable, have been generally regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date they become payable;

- (c) According to the information and explanations given to us, the statutory dues which have not been deposited on account disputes by the aforesaid entities are given below:

Name of Statute	Nature of Dues	Figures (in ₹)	Forum where dispute is pending
Central Excise Tariff Act	Custom Duty	99,78,587	Directorate of Revenue Intelligence (DIR)
Labour Laws	Compensation Claim	1,76,44,659	Labour Court

- (d) According to the information and explanations given to us, there is no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under has been transferred to such fund within time by the aforesaid entities.

- viii. The Group does not have consolidated accumulated losses and the Group has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- ix. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Holding Company, Subsidiary Companies incorporated in India has not defaulted in repayment of dues to a financial institution, bank or debenture holders as at the balance sheet date.
- x. According to the information and explanations given to us, the Holding Company has given guarantees for loan taken by Subsidiary Companies from a bank or financial institution. The terms and condition whereof in our opinion are not prima facie prejudicial to the interest of the Group.
- xi. According to the information and explanation given to us, term loans obtained by the Holding Company & Subsidiary Companies incorporated in India during the year are used for the purpose for which they have been obtained other than temporary deployment pending application.
- xii. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Holding Company its Subsidiary companies and Jointly Controlled Company incorporated in India has been noticed or reported during the year, nor have we been informed of such case by the management of respective entities.

**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS  
FRN 107647 W  
M. M. KHANDWALA  
P A R T N E R  
M. NO.: 32472**

**PLACE : AHMEDABAD  
DATE : 22<sup>ND</sup> MAY, 2015**

**Consolidated Balance Sheet as at 31<sup>st</sup> March 2015**

PARTICULARS	Note No.	(Figures in ₹)	
		31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	2	25,43,14,211	25,43,14,211
(b) Reserves and Surplus	3	5,26,09,79,400	4,92,68,76,778
Minority Interest		94,34,93,378	92,36,34,353
<b>(2) Non-current liabilities</b>			
(a) Long-term Borrowings	4	3,12,93,47,462	3,77,25,73,521
(b) Deferred Tax Liabilities (Net)	5	47,09,62,428	36,99,76,640
(c) Long-term Provisions	6	4,35,94,488	43,05,14,617
<b>(3) Current liabilities</b>			
(a) Short-term Borrowings	7	1,97,28,45,002	2,45,98,37,178
(b) Trade Payables	8	1,43,35,24,906	1,73,64,43,050
(c) Other Current Liabilities	9	1,67,39,96,453	1,71,30,23,609
(d) Short-term Provisions	10	26,12,91,022	4,76,82,891
<b>TOTAL</b>		<b>15,44,43,48,750</b>	<b>16,63,48,76,848</b>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		7,78,75,84,286	6,84,22,25,210
(ii) Intangible Assets		2,62,88,247	4,99,28,589
(iii) Capital Work-in-Progress		12,15,62,489	1,17,08,62,802
(iv) Intangible Assets under development		10,72,06,621	9,05,80,766
(b) Non-current Investments	12	56,02,750	56,02,750
(c) Long-term Loans and Advances	13	13,37,93,141	37,11,26,072
(d) Other non-Current Assets	14	18,77,74,974	28,14,26,048
<b>(2) Current assets</b>			
(a) Current Investments	15	17,34,11,799	-
(b) Inventories	16	2,15,78,17,698	2,49,57,85,082
(c) Trade Receivables	17	3,16,70,09,565	3,52,31,96,508
(d) Cash and Cash Equivalents	18	15,58,52,675	37,28,20,957
(e) Short-term Loans and Advances	19	1,24,48,35,925	1,21,49,39,575
(f) Other Current Assets	20	17,56,08,580	21,63,82,489
Significant Accounting Policies	1		
Notes forming part of accounts	1 to 36		
<b>TOTAL</b>		<b>15,44,43,48,750</b>	<b>16,63,48,76,848</b>

**AS PER OUR ATTACHED REPORT OF EVEN DATE**
**FOR KHANDWALA & KHANDWALA**  
**CHARTERED ACCOUNTANTS**
**D C Shah**  
**Chief Financial Officer**
**M. M. KHANDWALA**  
**PARTNER**  
**M. NO.: 32472**
**K. D. Mehta**  
**Company Secretary**
**For and on Behalf of Board**
**J. M. PATEL – Executive Chairman (DIN - 00027224)**  
**A. N. SOPARKAR – Managing Director (DIN - 00027480)**  
**N. M. PATEL – Managing Director (DIN - 00027540)**
**PLACE : AHMEDABAD**  
**DATE : 22<sup>nd</sup> MAY, 2015**
**PLACE : AHMEDABAD**  
**DATE : 22<sup>nd</sup> MAY, 2015**

**Consolidated Statement of Profit and Loss for the year ended on 31<sup>st</sup> March 2015**

Particulars	Note No.	(Figures in ₹)	
		31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Income</b>			
Revenue from Operation		14,06,86,70,469	12,72,00,53,537
Less: Excise Duty		1,12,65,97,141	93,67,54,186
Net Revenue from Operation	<b>21</b>	12,94,20,73,328	11,78,32,99,351
Other Income	<b>22</b>	6,41,32,429	6,13,23,581
<b>Total Income</b>		<b>13,00,62,05,757</b>	<b>11,84,46,22,932</b>
<b>Expenditure</b>			
Raw Materials Consumption	<b>23</b>	6,76,88,57,944	6,59,31,76,976
Trading Purchases		63,20,98,762	85,95,55,418
(Increase)/Decrease in Stock	<b>24</b>	23,92,90,076	(53,97,40,334)
Employees Emoluments	<b>25</b>	72,52,59,182	57,52,33,992
Finance Expenses	<b>26</b>	74,62,46,283	67,61,43,729
Depreciation	<b>11</b>	74,73,62,641	80,23,86,991
Other Expenses	<b>27</b>	2,54,53,75,724	2,33,63,51,939
<b>Total Expenditure</b>		<b>12,40,44,90,612</b>	<b>11,30,31,08,711</b>
<b>Profit Before Exceptional Extraordinary Items &amp; Tax</b>		<b>60,17,15,145</b>	<b>54,15,14,221</b>
Exceptional Items	<b>28</b>	20,12,290	-
Extraordinary Item	<b>29</b>	-	49,54,417
<b>Profit Before Tax</b>		<b>59,97,02,855</b>	<b>53,65,59,804</b>
<b>Profit /(Loss) For the year from discontinuing operation</b>		<b>(82,71,943)</b>	<b>-</b>
<b>Profit for the year from continuing operation</b>		<b>60,79,74,798</b>	<b>53,65,59,804</b>
Current Tax		12,65,00,000	12,19,17,440
MAT Credit Entitlement		(10,85,00,000)	(10,85,00,000)
Payment of tax of earlier years		89,56,463	49,916
Deferred Tax	<b>5</b>	11,29,36,870	16,83,98,914
<b>Profit for the year</b>		<b>45,98,09,522</b>	<b>35,46,93,534</b>
<b>Minority Interest</b>		<b>2,09,13,426</b>	<b>12,66,51,728</b>
<b>Profit available for Appropriation</b>		<b>43,88,96,096</b>	<b>22,80,41,806</b>
<b>Basic and Diluted Earning Per Share of face value of Re. 1 each</b>	<b>30</b>		
<b>before Extraordinary item</b>		<b>1.73</b>	<b>0.92</b>
<b>after Extraordinary item</b>		<b>1.73</b>	<b>0.90</b>
Significant Accounting Policies	<b>1</b>		
Notes forming part of accounts	<b>1 to 36</b>		

**AS PER OUR ATTACHED REPORT OF EVEN DATE**
**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS**
**D C Shah  
Chief Financial Officer**
**M. M. KHANDWALA  
PARTNER  
M. NO.: 32472**
**K. D. Mehta  
Company Secretary**
**For and on Behalf of Board**
**J. M. PATEL – Executive Chairman (DIN - 00027224)  
A. N. SOPARKAR – Managing Director (DIN - 00027480)  
N. M. PATEL – Managing Director (DIN - 00027540)**
**PLACE : AHMEDABAD  
DATE : 22<sup>nd</sup> MAY, 2015**
**PLACE : AHMEDABAD  
DATE : 22<sup>nd</sup> MAY, 2015**



**Consolidated Cash Flow Statement for the year ended 31st March 2015**

Particulars	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>A. Cashflow from Operating Activities</b>		
Net Profit Before Tax	59,97,02,855	53,65,59,804
<b>Adjustment for :</b>		
Depreciation	74,73,62,641	80,23,86,991
Unrealised Foreign Exchange	(28,63,513)	4,18,12,863
Mark to Market Loss on Derivative	(4,08,63,831)	9,78,83,950
Liability no longer Required	(1,65,95,707)	(1,59,18,529)
Expenses amortised during the year	60,46,547	53,74,708
Interest and Finance Charges	74,62,46,283	67,61,43,729
Wealth Tax Presented under rates & taxes	4,43,259	4,78,428
Dividend Received	(24,500)	(30,001)
Interest Received	(3,76,55,023)	(4,89,48,390)
Loss on Sales of Investment	2,15,71,648	-
Investment Written off	65,134	-
Loss on Derecognition of Subsidiary	(1,83,236)	-
(Profit) / Loss on Sale of Investment	(92,35,087)	(63,27,437)
(Profit) / Loss on Sale of Fixed Assets (Net)	38,05,601	34,30,671
<b>Operating Profit before working capital changes</b>	<b>2,01,78,23,071</b>	<b>2,09,28,46,787</b>
<b>Adjustment for:</b>		
Inventories	33,79,67,384	(68,48,75,368)
Trade Receivables	35,61,86,943	(12,94,81,776)
Short Term Loans and Advances	12,29,56,448	7,19,01,278
Other Current Assets	6,00,98,470	(3,39,26,411)
Other Non Current Assets	(6,83,936)	-
Long Term Loans and Advances	2,20,71,119	(13,58,94,262)
Trade Payables	(24,54,77,661)	29,90,49,205
Other Current Liabilities	10,72,684	5,19,67,194
Provisions	1,11,90,809	31,80,781
<b>Sub Total</b>	<b>66,53,82,260</b>	<b>(55,80,79,359)</b>
Cash Generated from operation	2,68,32,05,331	1,53,47,67,428
Direct Taxes Paid (Net)	(16,12,35,687)	(17,36,30,714)
<b>Net Cash from operating activities</b>	<b>2,52,19,69,644</b>	<b>1,36,11,36,714</b>
<b>B. Cash flow from Investment Activities</b>		
Purchase of Fixed Assets	(59,97,80,341)	(77,98,80,345)
Fixed Deposits made	(68,78,17,663)	(2,23,086)
Fixed Deposits withdrawn	68,75,00,000	-
Deferred Payment to GIDC	-	(99,96,881)
Dividend Received	24,500	30,001
Interest Received	3,70,67,314	4,62,03,112
Purchase of Mutual Fund	(61,40,31,829)	-
Sales of Mutual Fund	44,98,55,116	25,59,94,634
Proceeds from Divestment of Subsidiaries	3,99,940	-
Sale of Fixed Assets	14,06,52,171	2,77,04,463
<b>Net Cash Used in Investing Activities</b>	<b>(58,61,30,792)</b>	<b>(46,01,68,102)</b>

**Consolidated Cash Flow Statement for the year ended 31st March 2015**

Particulars	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>C. Cash flow from financing Activities</b>		
Dividend & Interim Dividend paid	(23,46,75,150)	(2,52,53,581)
Dividend Distribution Tax	(4,76,14,453)	(43,22,070)
Interest and Finance Charges Paid	(78,65,88,546)	(84,27,55,496)
Short Term Borrowings	23,30,07,824	22,97,02,943
Proceeds from Other Borrowing	1,00,00,00,000	2,33,79,13,078
Repayment of Other Borrowing	(1,72,00,00,000)	(2,26,70,00,000)
Repayment of Non Convertible Debentures	(50,00,00,000)	-
Proceeds from Bank Borrowing (Term Loan)	65,00,00,000	75,00,00,000
Repayment of Bank Borrowing (Term Loan)	(72,45,94,315)	(77,96,68,956)
<b>Net Cash Used in Financing Activities</b>	<b>(2,13,04,64,640)</b>	<b>(60,13,84,082)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalent</b>	<b>(19,46,25,788)</b>	<b>29,95,84,530</b>
<b>Cash on Hand -Opening Balance</b>	<b>36,99,22,281</b>	<b>9,61,08,457</b>
<b>Cash on Hand -Closing Balance</b>	<b>17,52,96,493</b>	<b>39,56,92,987</b>
<b>Reconciliation of Cash and Cash Equivalent</b>		
<b>Total Cash &amp; Bank Balance as per Balance Sheet</b>	15,58,52,675	37,28,20,957
Less - Fixed Deposit in Bank not considered as Cash and Cash Equivalent	32,84,529	28,98,676
<b>Cash and Cash Equivalents</b>	<b>15,25,68,146</b>	<b>36,99,22,281</b>
<b>Cash and Cash Equivalent Comprises as under :</b>		
Balance with Banks in Current Accounts (Includes ₹ 35,58,190/- (P.Y. ₹ 20,55,191/-) pertains to Unpaid Dividend & IPO Refund Account being restricted for use)	7,33,95,930	6,73,04,549
Fixed Deposit with Bank	7,62,23,438	30,00,00,000
Cash on Hand	29,48,778	26,17,732
<b>Cash and Cash Equivalents</b>	<b>15,25,68,146</b>	<b>36,99,22,281</b>
Net effect of change in Exchange rate on consolidation	2,27,28,347	2,57,70,706
<b>Cash &amp; Cash Equivalent at the end of the year</b>	<b>17,52,96,493</b>	<b>39,56,92,987</b>

Notes to the cash flow statement for the year ended on 31.03.2015

(1) Figures in brackets indicate cash outgo.

(2) The previous year figures have been regrouped/restated wherever necessary to conform to this year's classification.

**AS PER OUR ATTACHED REPORT OF EVEN DATE**

**FOR KHANDWALA & KHANDWALA**  
**CHARTERED ACCOUNTANTS**

**D C Shah**  
Chief Financial Officer

**M. M. KHANDWALA**  
PARTNER  
M. NO.: 32472

**K. D. Mehta**  
Company Secretary

**For and on Behalf of Board**

**J. M. PATEL – Executive Chairman (DIN - 00027224)**  
**A. N. SOPARKAR – Managing Director (DIN - 00027480)**  
**N. M. PATEL – Managing Director (DIN - 00027540)**

**PLACE : AHMEDABAD**  
**DATE : 22<sup>nd</sup> MAY, 2015**

**PLACE : AHMEDABAD**  
**DATE : 22<sup>nd</sup> MAY, 2015**

## SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

### 1. Principles of consolidation

The Consolidated Financial statements relate to Meghmani Organics Limited ("the Company") and its subsidiary companies. The Consolidated financial statements have been prepared on the following basis :-

- a) The financial statements of the Company and its Subsidiary Companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies(Accounts) Rules, 2014.
- b) In case of Foreign Subsidiaries being non integral operations, revenue items are consolidated at the average of rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange rate difference arising on consolidation is recognised in the currency translation reserve.
- c) The difference between the costs of investment in Subsidiaries, over the net assets at the time of acquisition of shares in the Subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- d) Minority interest's share of the net profit of Consolidated Subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attribute to shareholders of the Company.
- e) Minority interest's share of the net assets of Consolidated Subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholder.
- f) As far as possible Consolidated Financial Statements are prepared using accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- g) Investments other than in Subsidiaries and Associates have been accounted as per Accounting Standard (AS) 13 "Accounting for Investments" specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies(Accounts) Rules, 2014

### 2. Other Significant Accounting Policies :-

These are set out under "Significant Accounting Policies" as given in the Stand alone Financial statements of Meghmani Organics Limited."

- a. The Subsidiary Companies considered in the financial statements are :-

Name of the Subsidiaries/Joint Venture	Country of domicile	Proportion of ownership interest
Meghmani Finechem Limited	India	57%
Meghmani Energy Limited (Refer Note 1)	India	100%
Meghmani Europe BVBA	Belgium	100%
Meghmani Organics USA Inc.	USA	100%
Meghmani Chemtech Limited (Refer Note 2)	India	97%
PT Meghmani Organics Indonesia	Indonesia	100%
Meghmani Overseas FZE	Dubai	100%
Trience Speciality Chemicals Pvt Ltd (Joint Venture) (Refer Note 3)	India	39%

**Note 1:** The Company has sold its investment in Subsidiary - Meghmani Energy Limited during the year and consequently Meghmani Energy Limited has ceased to be a Subsidiary of the Company.

**Note 2:** Under Section 560 of the Companies Act, 1956 Meghmani Chemtech Limited has applied to strike off its name from Registrar of Companies, Gujarat. The notice has been taken on record by ROC and thereby Meghmani Chemtech Limited has ceased to be a Subsidiary of the Company.

## **SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS**

**Note 3:** Under Section 560 of the Companies Act, 1956 Trience has applied to strike off its name from Registrar of Companies, Gujarat. The notice has been taken on record by ROC and thereby Trience has ceased to be a joint venture Company.

- b. The figures of previous year are regrouped and rearranged wherever necessary so as to make them comparable with the current year. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with Parent Company's Financial Statements.

c. **FINANCIAL DERIVATIVES HEDGING TRANSACTIONS**

The Parent Company has voluntarily adopted the principles of Accounting Standard (AS) 30 ("Financial Instruments Recognition and Measurement") for the accounting of such derivative contracts not covered under Accounting Standards (AS) 11 ("The Effects of Changes in Foreign Exchange Rates") in pursuance of the announcement of the Institute of Chartered Accounts of India (ICAI) dated March 29, 2008 on accounting of derivatives.

The Fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Such derivative financial instruments are used as risk management tools only and not for specific purposes.

Accordingly, the resultant gains and losses on fair valuation / settlement of the derivative contracts covered under Accounting Standard (AS) 30 ("Financial Instruments Recognition and Measurement") are recognised in the statement of Profit and Loss or Balance Sheet as the case may be after applying the best of hedge effectiveness. Where the cash flow is effective, the gains or losses are recognised in the "Hedge Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet. While the same is recognised in the Statement of Profit and Loss where the hedge is effective. The amount recognised in the "Hedge Reserve" is transferred to the Statement of Profit and Loss in the period in which the underlying hedged item affects the Statement of Profit and Loss.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****2 SHARE CAPITAL**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>AUTHORISED</b>		
370,000,000 Equity Shares (Previous Year : 370,000,000)		
Each share of ₹ 1/-	370,000,000	370,000,000
	<b>370,000,000</b>	<b>370,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP EQUITY SHARES</b>		
254,314,211 Equity Shares (Previous Year : 254,314,211)		
Each share of ₹ 1/- Fully Paid up	254,314,211	254,314,211
<b>TOTAL</b>	<b>254,314,211</b>	<b>254,314,211</b>

**Reconciliation of No. of Shares**

PARTICULARS	No. of Shares		(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
As at beginning of the year	254,314,211	254,314,211	254,314,211	254,314,211
<b>Add :</b>				
Issued During the year	-	-	-	-
<b>Less :</b>				
Shares bought back / Redemption etc.	-	-	-	-
<b>As at closing of the year</b>	<b>254,314,211</b>	<b>254,314,211</b>	<b>254,314,211</b>	<b>254,314,211</b>

**Details of Shareholding**

PARTICULARS	No. of Shares		(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Number of Shares held by Shareholders holding more than 5% Shares</b>				
DBS Nominees (P) Ltd.	4,03,43,150	5,08,38,150	4,03,43,150	5,08,38,150
Mr. Jayanti Patel	1,85,60,390	1,88,73,946	1,85,60,390	1,88,73,946
Mr. Ashish Soparkar	2,46,17,948	2,46,17,948	2,46,17,948	2,46,17,948
Mr. Natwarlal Patel	2,59,10,477	2,59,10,477	2,59,10,477	2,59,10,477
Mr. Ramesh Patel	1,64,22,392	1,64,22,392	1,64,22,392	1,64,22,392
<b>TOTAL</b>	<b>12,58,54,357</b>	<b>13,66,62,913</b>	<b>12,58,54,357</b>	<b>13,66,62,913</b>

The Company has only one class of Equity Shares having face value of ₹ 1/- per share. Each Equity share has 1 voting right. All Equity shareholders have equal dividend rights in proportion to their Shareholding.

The Company has paid Interim dividend of ₹ 0.40 Per Equity share amounting to ₹ 10,17,25,684/- on 25,43,14,211 Equity Shares of ₹ 1/- each ( Previous Year ₹ 0.10 declared as final dividend per Equity Share amounting to ₹ 2,54,31,421/- on 25,43,14,211 Equity Shares of ₹ 1/- each.)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Particulars of NRI Shareholders to whom Dividend is remitted.

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Amount of Dividend Remitted	4,91,40,150	5,12,28,150
No. of Shareholders	1	1
No. of Shares held	4,91,40,150	5,12,28,150
Year / Period to which dividend relates	2013-14	2012-13
	<b>Final</b>	<b>Final</b>
Amount of Dividend Remitted	1,66,09,460	-
No. of Shareholders	1	-
No. of Shares held	4,15,23,650	-
Year / Period to which dividend relates	2014-15	-
	<b>Interim</b>	<b>-</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 3 RESERVES AND SURPLUS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>(1) Securities Premium Account</b>		
As per last year accounts	1,56,50,48,295	1,56,50,48,295
<b>(2) Capital Reserve</b>		
As per last year accounts	1,98,71,023	1,98,71,023
Add : Disposal of Subsidiary	(1,63,52,743)	-
	<b>35,18,280</b>	<b>1,98,71,023</b>
<b>(3) General Reserve</b>		
As per last year accounts	61,22,70,348	60,92,70,348
Add : Transferred from Debenture Redemption Reserve	12,50,00,000	-
Less : Effect of Transitional provisions as per Schedule II of the Companies Act 2013 (net of deferred tax ₹ 1,19,51,083/-)	(2,17,12,256)	-
Add : Transferred from Profit and Loss Account	2,75,00,000	30,00,000
	<b>74,30,58,092</b>	<b>61,22,70,348</b>
<b>(4) Capital Redemption Reserve</b>		
As per last year accounts	1,84,32,980	1,84,32,980
<b>(5) Debenture Redemption Reserve</b>		
As per last year accounts	19,49,81,063	13,87,66,143
Less : Transferred to General Reserve	(12,50,00,000)	-
Add : Transferred from Profit and Loss Account	4,16,70,087	5,62,14,920
	<b>11,16,51,150</b>	<b>19,49,81,063</b>
<b>(6) Currency Translation Reserve</b>		
As per last year accounts	4,25,94,520	2,18,07,487
Add : Addition during the year	3,22,70,556	2,07,87,033
	<b>7,48,65,076</b>	<b>4,25,94,520</b>
<b>(7) Hedge Reserve</b>		
As per last year accounts	(16,12,17,630)	(10,30,92,663)
Add : (Addition) / Deletion during the year	9,87,50,061	(5,81,24,967)
	<b>(6,24,67,569)</b>	<b>(16,12,17,630)</b>
<b>(8) Surplus in Profit &amp; Loss Account</b>		
As per last year accounts	2,63,48,96,180	2,49,58,22,784
Add : Disposal of Subsidiary	5,63,96,418	-
Add : Profit for the year	43,88,96,096	22,80,41,806
	<b>3,13,01,88,694</b>	<b>2,72,38,64,590</b>
Less : Appropriation		
Transfer to General Reserve	2,75,00,000	30,00,000
Debenture Redemption Reserve	4,16,70,087	5,62,14,920
Interim Dividend Paid (P.Y. Final Dividend)	21,08,53,128	2,54,31,421
Dividend Distribution Tax	4,32,92,383	43,22,070
	<b>32,33,15,598</b>	<b>8,89,68,411</b>
	<b>2,80,68,73,096</b>	<b>2,63,48,96,179</b>
<b>TOTAL</b>	<b>5,26,09,79,400</b>	<b>4,92,68,76,778</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4 LONG TERM BORROWINGS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>SECURED</b>		
<b>Privately Placed Non - Convertible Debentures :</b>		
10.40% Non - Convertible Debenture redeemable at par In Indian currency	-	50,00,00,000
<b>Term Loan Facilities from Banks and Financial Institutions:</b>		
In Indian currency	2,54,34,08,536	2,28,06,50,813
In Foreign currency	58,59,38,926	99,19,22,708
(Refer Notes - 9 for Current Maturity of Term Loan & Debenture ₹ 1,333,670,848/- (Previous Year ₹ 1,311,128,683/-)		
<b>TOTAL</b>	<b>3,12,93,47,462</b>	<b>3,77,25,73,521</b>

**Details of Security and Repayment Terms :**

- Secured Non-Convertible Debentures of ₹ 50,00,00,000/- (Previous Year ₹ 100,00,00,000/-) are secured by way of pari passu charge on Mortgage of immovable and movable properties situated at GIDC Vatva, GIDC Panoli, GIDC Ankleshwar and Village Chharodi, Taluka Sanand, District - Ahmedabad.
- Redemption Detail of 10.40 % Non Convertible Debenture ₹ 100,00,00,000/-

Amount of Redemption	Date of Redemption
₹ 500,000,000	12-10-2014 (Since Redeemed)
₹ 500,000,000	12-10-2015

- External Commercial Borrowing of USD 1,10,00,000 equivalent to ₹ 51,13,90,000/- from Standard Chartered Bank, Ahmedabad. The facility is secured by First charge on all the present and future movable fixed assets financed under term loan including moveable fixed assets held at CH-1-2/A. GIDC Dahej, Taluka Vagra, Bharuch and repayable in 13 Quarterly Installment amount of USD 7,85,400 of each & last Instalment of USD 7,89,800 and interest @3 Month LIBOR + 2.5% has been repaid in current year.
- Rupee Term Loan facility of ₹ 300,000,000/- from HDFC Bank, Nr. Mithakhali Cross Road, Ahmedabad. The facility is Secured by First Pari Passu charge with ICICI Bank Limited on moveable and immoveable fixed assets held at Z-31 and Z-32, Dahej SEZ Limited, Dahej, Taluka Vagra, District Bharuch and repayable in 20 Quarterly installments of ₹ 15,000,000 each commencing from 30th April, 2016 and interest @ base rate plus 1.75% per annum with monthly rests. At present interst rate is 11.75% with moratorium of 2 years.
- Rupee Term loan facility of ₹ 450,000,000/- from ICICI Bank Limited, JMC House, Ambawadi, Ahmedabad. The facility is Secured by First Pari Passu charge with HDFC Bank on moveable and immoveable fixed assets held at Z-31 and Z-32, Dahej SEZ Limited, Dahej, Taluka Vagra, District Bharuch and repayable in 24 Quarterly installments of ₹ 18,750,000/- each commencing from 30th June, 2016 and interest @ base rate plus 2.10% per annum with monthly rests. At present interst rate is 12.10% with moratorium of 2 years.
- Rupee Term Loan facility of ₹ 650,000,000/- from Yes Bank Limited 4th Floor, Nehru Centre, Discovery of India Bldg, Dr. A. B. Road, Worli, Mumbai- 400018. The facility is secured by exclusive charge on leasehold admeasuring 50,000 Square Meter bearing Plot No. CH-1+2/A GIDC Industrial Estate Dahej, Taluka Vagra, District Bharuch, with all the buildings and structures standing thereon and all plants, machineries, fixtures and fittings attached to the earth and or permanently fasted to earth pertaining to Company's unit at Plot No. CH-1+2/A GIDC and repayable in 20 equal quarterly installments of ₹ 3,25,00,000/- starting after a moratorium period of 1 year from the date of disbursement i.e. from 02.10.2015 The current applicable interest rate is 11.75% p.a.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

- vii The Group Company Meghmani Finechem Limited has availed term loan from ICICI Bank Limited, The Bank has refinanced term loan of ₹ 2,200,000,000/-. The entire facility of ₹ 2,200,000,000/- has been secured by Deed of Hypothecation dated 30th January, 2012 the whole of movable properties of the Company, including its movable plant & machinery, machinery spares, tools and accessories other movables both present and future where ever situate including Raw Material, Stock in process, finished Goods, Book Debts, Bills situated any where.
- The rate of interest of term loan from ICICI Bank Limited is @ Base Rate plus 1.92% (spread). The repayment of this loan started from March 2012.
- This charge is jointly held with (1) First pari passu charge on movable fixed assets for (1) US \$ 20,000,000 to IFC Washington USA (2) US \$ 15,000,000 to Standard Chartered Bank, London and second pari passu charge on all the Current Assets of the Company along with other lenders.
- viii The Group Company Meghmani Finechem Limited has availed a Foreign Exchange Term Loan by way of External Commercial Borrowing of US \$ 20,000,000 (₹ 864,548,645) from International Finance Corporation (IFC), Washington, USA. The Company has executed Unattested Memorandum of Hypothecation on 11th December, 2008 in favour of International Finance Corporation (IFC), Washington, USA represented by State Bank of India in its capacity as Security Trustee to secure Foreign Exchange Term Loan of External Commercial Borrowing of US \$ 20,000,000 by way of creating First Pari Passu charge on movable fixed assets and Second Pari Passu Charge on all Current Assets of the Company along with other term lenders.
- The rate of interest for Foreign Currency Term Loan by way of External Commercial Borrowing of US \$ 20,000,000 from International Finance Corporation (IFC) is 1.80% per annum above 6 month LIBOR. The repayment started from October 2011 in 14 half yearly equal installments.
- ix The Group Company Meghmani Finechem Limited has availed US \$ 15,000,000 (₹ 690,975,000) ECB from Standard Chartered Bank, United Kingdom by executing Memorandum of Hypothecation dated 16th February, 2012. The entire facility has been secured by First pari passu charge on all present and future movable fixed assets of the company including movable plant and machinery etc. and Second Pari Passu Charge on all Current Assets of the Company along with other term lenders.
- The rate of interest for Foreign Currency Term Loan by way of External Commercial Borrowing of US \$ 15,000,000 from Standard Chartered Bank (SCB) is 2.80% per annum above 3 month LIBOR. The repayment started from May 2013 in 14 quarterly equal installments.
- x The indenture of mortgage on immovable properties of the Company situated at Plot NO. CH 1 and CH 2 has been created on 18th October, 2012 to secure term loan of ₹ 2,200,000,000 of ICICI Bank and ECB of US\$ 15,000,000 (₹ 765,000,000) of Standard Chartered Bank, London. Alongwith this the indenture of mortgage created to secured term loan by way of ECB availed from IFC of US \$ 20,000,000 exists.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5 DEFERRED TAX LIABILITIES (NET)**

**Major Components of Deferred Tax:**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Deferred Tax Liability:</b>		
Difference in value of Fixed Asset due to depreciation and other allowances	59,59,05,575	51,74,67,454
<b>Deferred Tax Assets:</b>		
Disallowance u/s 43B of Income Tax Act, 1961	2,37,43,065	2,05,62,980
Unabsorbed losses and Unabsorbed depreciation	10,12,00,082	12,69,27,834
<b>TOTAL</b>	<b>47,09,62,428</b>	<b>36,99,76,640</b>
Deferred Tax Expenses/(Saving) charged to Profit & Loss Account	11,29,36,870	16,83,98,914

- As regards Deferred Tax as per Accounting Standard-22 (AS-22) on "Accounting for Taxes on Income", there exist Deferred Tax Asset due to current year losses and unabsorbed depreciation. The Group Company Meghmani Finechem Limited has recognised deferred tax assets on unabsorbed losses and unabsorbed depreciation in view of sufficient taxable profits in subsequent years being sufficient evidence for substantiating the virtual certainty of recoverability of losses.
- The effect of transitional provisions as per schedule 2 of the Companies Act, 2013 amounting to ₹ 119,51,083/- has been adjusted to opening balance of deferred tax liability.

**6 LONG TERM PROVISIONS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Provision for Employee Benefits (Refer Note No - 10)	2,20,16,942	1,19,94,493
Fair Value of Financial Derivatives (Refer Note i below)	2,15,77,546	41,85,20,124
<b>TOTAL</b>	<b>4,35,94,488</b>	<b>43,05,14,617</b>

**i Aggregate movement of Provision - Short term / Long Term of Financial Derivatives as per AS - 29**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Opening Balance	41,85,20,124	30,75,31,718
Addition during the year	-	13,15,27,887
Used during the year	18,37,32,475	2,05,39,481
<b>Closing Balance (Refer Note - 10)</b>	<b>23,47,87,649</b>	<b>41,85,20,124</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****7 SHORT TERM BORROWINGS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Secured Loans</b>		
Working Capital Facilities from Banks :		
In Indian currency	1,87,28,45,002	2,03,98,37,178
<b>Unsecured Loans</b>		
From Banks - In Indian Currency	10,00,00,000	42,00,00,000
<b>TOTAL</b>	<b>1,97,28,45,002</b>	<b>2,45,98,37,178</b>

**Details of Security and Repayment Terms :**

- i The interest rate on working capital facilities from State Bank of India, HDFC Bank Limited, Standard Chartered Bank and ICICI Bank Limited (Collectively known as Consortium Bankers) varies within the range of 10.90% to 13.00% (both inclusive) and are secured by :-
- First Pari Passu charge created on 9th october, 2003 for ₹ 79.45 Crore was further extended on 28th May 2005 for ₹ 155.35 Crore, on 23rd January, 2007 for ₹ 218.65 Crore and on 28th August, 2009 for ₹ 343.08 Crore in favour of State Bank of India and its Consortium Banks by way of hypothecation of the entire stock of raw materials, work in process, finished goods, stores and spares and receivables. The present consortium is lead by State Bank of India, and others are ICICI Bank and HDFC Bank.
  - First Pari Passu charge on immovable fixed assets to State Bank of India and its consortium banks as collateral security for the working capital facilities of ₹ 343.08 Crore. The present consortium is lead by State Bank of India.
  - The indenture of the mortgage created on immovable properties are located at :
    - Plot No. 168,180,183 and 184 of GIDC Industrial Estate Vatva Ahmedabad;
    - Block No. 402,403,404 and 452 at Village Chharodi, Taluka Sanand, District Ahmedabad
    - Plot No. 21 & 21/1 of GIDC Industrial Estate Panoli, Taluka Ankleshwar, Bharuch.
    - Plot No.5001/B of GIDC Industrial Estate, Ankleshwar, Bharuch.
- ii Unsecured short term loan of ₹ 60,00,00,000/- has been sanctioned by HDFC Bank Limited. The Out standing Short Term Loan as on 31st March, 2015 is ₹ 10,00,00,000/- (P.Y. ₹ 42,00,00,000/- comprising of three short term loans of ₹ 15,00,00,000 ₹ 17,00,00,000/- and ₹ 10,00,00,000/- for 90 days availed on 13.01.2014, 24.01.2014 and 14.02.2014 respectively) with interest rate ranging from 10.40% per annum to 10.70% per annum.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8 TRADE PAYABLE**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Micro, Small and Medium Enterprises	5,76,38,051	8,80,15,448
Others (Refer Notes below)	1,37,58,86,855	1,64,84,27,602
<b>TOTAL</b>	<b>1,43,35,24,906</b>	<b>1,73,64,43,050</b>

**Notes :-**

- The Company has called for balance confirmation of Creditors on random basis. Out of which the Company has received response from some of the parties, which are Subject to reconciliation with Company's account. The other balances of Creditors are subject to confirmation.
- The Company has received certain intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and accordingly company has provided for interest of ₹1,38,28,271/- (Previous Year ₹ 63,10,743/-) being payable as required under the said act.

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;		
Principal Amount	5,76,38,051	8,80,15,448
Interest Amount	1,38,28,271	63,10,743
the amount of interest paid by the buyer in terms of Section 18 of MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	NIL	NIL
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act,	90,34,504	37,56,795
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	6,69,553	12,61,875
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	1,38,28,271	63,10,743

## 9 OTHER CURRENT LIABILITIES

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Current maturities of long-term debt (Refer Note No - 4)	1,33,36,70,848	1,31,11,28,683
Interest accrued but not due on borrowings	2,86,11,800	3,13,81,584
Employee Benefit Payable	5,88,74,105	5,24,71,858
Advance Received from Customer	5,59,27,360	3,55,82,893
Statutory Payments	10,08,94,425	12,01,00,688
IPO Refund Payable (Refer Note i & ii below)	-	1,06,400
Unpaid Dividend (Refer Note ii below)	35,58,190	19,48,791
Proposed Dividend & Provision of tax on dividend	-	2,97,53,491
Payable for retention money	27,41,392	61,98,568
Payable - Capital Goods	7,58,90,062	11,80,39,910
Interest as per MSMEDA, 2006 (Refer Note No - 8(ii))	1,38,28,271	63,10,743
<b>TOTAL</b>	<b>1,67,39,96,453</b>	<b>1,71,30,23,609</b>

## Notes :

- i IPO Refund Payable represents share application money received at the time of IPO and pending for refund due to non-traceability of investors. The Company has kept the balance of such money in a separate account with Bank. During the year the same is transferred to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 which correspond to Section 205 C of the Companies Act 1956 has not been enforced.
- ii There is no amount outstanding in respect of IPO Refund and Unpaid Dividend to be transferred to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013.

## 10 SHORT TERM PROVISIONS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Wealth Tax Payable	4,73,260	4,78,430
Current Tax Payable	3,50,25,886	3,56,24,439
Fair value of Financial derivatives (Refer Note No. 6 (i))	21,32,10,103	-
Provisions for Employee Benefits (Refer Notes No. 31)	1,25,81,773	1,15,80,022
<b>TOTAL</b>	<b>26,12,91,022</b>	<b>4,76,82,891</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. Fixed Assets As on 31<sup>st</sup> March 2015**

(Figures in ₹)

Sr. No.	Particulars	Gross Block					Depreciation / Amortisation					Net Block	
		Opening	Addition	Deduction/ Adjustment	Transfer & Ex. Rate Diff.	Closing	Opening	Provision For the Year	Depreciation Transfer to Reserve	Deduction/ Adjustment	Transfer & Ex. Rate Diff.	Closing Balance 31.03.2015	Closing Balance 31.03.2014
Tangible Assets													
1	Freehold Land	2,45,51,290	2,95,51,316	90,94,480	8,91,291	4,58,99,417	-	-	-	-	-	4,58,99,417	2,45,51,290
2	Leasehold Land	41,51,16,392	-	1,07,22,170	-	40,43,94,222	2,43,85,622	45,32,937	-	3,62,864	-	37,58,38,527	39,07,30,770
3	Building	2,26,05,07,213	45,59,10,562	4,35,73,902	(23,69,486)	2,67,04,74,387	30,43,22,080	9,94,86,125	1,50,59,139	93,86,556	(5,50,749)	40,89,30,039	1,95,61,85,133
4	Plant & Machinery	8,22,78,16,808	1,34,49,61,294	25,38,78,358	3,15,82,932	9,35,04,82,676	3,87,45,71,593	59,31,19,656	39,23,570	13,65,92,595	4,33,50,22,224	5,01,54,60,452	4,35,32,45,215
5	Furniture & Fixtures	5,63,90,439	31,16,102	78,492	(16,497)	5,94,11,552	2,95,31,084	40,59,933	39,87,956	56,905	17,063	3,75,39,131	2,68,59,355
6	Vehicles	10,73,58,574	65,85,052	1,38,71,483	(4,35,747)	9,96,36,396	3,97,40,944	1,34,64,263	14,57,148	95,62,625	(4,87,656)	5,50,24,322	6,76,17,630
7	Computers	3,54,84,373	20,09,720	1,36,860	(2,28,042)	3,71,29,191	2,89,74,266	23,02,999	15,06,838	1,17,309	(2,26,142)	3,24,40,652	46,88,539
8	Other Equipments	2,91,36,899	31,24,277	32,500	(8,674)	3,22,20,002	1,26,11,189	37,73,383	85,98,066	11,295	(7,601)	2,49,63,742	72,56,260
	Total	11,15,63,61,988	1,84,52,58,323	33,13,88,245	2,94,15,777	12,69,96,47,843	4,31,41,36,778	72,07,39,296	3,45,32,717	15,60,90,149	(12,55,085)	4,91,20,63,557	6,84,22,25,210
Intangible Assets													
1	Software Licences	3,66,90,856	13,16,431	-	-	3,80,07,287	2,74,88,573	44,86,121	-	-	-	3,19,74,694	92,02,283
2	Product Licences	11,38,23,078	18,40,271	-	(4,31,158)	11,52,32,191	8,88,62,442	1,47,29,775	-	-	(2,57,459)	10,33,34,758	2,49,60,636
3	ETP Usage Rights	18,19,29,936	-	-	-	18,19,29,936	16,61,64,266	74,07,449	-	-	-	17,35,71,715	1,57,65,670
	Total	33,24,43,870	31,56,702	-	(4,31,158)	33,51,69,414	28,25,15,281	2,66,23,345	-	-	(2,57,459)	30,88,81,167	4,99,28,589
Capital WIP													
1	Tangible Assets	1,17,08,62,802	10,45,43,550	1,23,07,65,847	7,69,21,984	12,15,62,489	-	-	-	-	-	12,15,62,489	1,17,08,62,802
2	Intangible Assets	9,05,80,766	1,80,37,399	14,11,544	-	10,72,06,621	-	-	-	-	-	10,72,06,621	9,05,80,766
	Total	1,26,14,43,568	12,25,80,949	1,23,21,77,391	7,69,21,984	22,87,69,110	-	-	-	-	-	22,87,69,110	1,26,14,43,568
	Grand Total	12,75,02,49,426	1,97,09,95,974	1,56,35,65,636	10,59,06,603	13,26,35,86,367	4,59,66,52,058	74,73,62,641	3,45,32,717	15,60,90,149	(15,12,544)	5,22,09,44,724	8,15,35,97,367
	Previous Year	11,70,55,02,805	2,07,05,86,336	93,55,35,729	(9,03,03,986)	12,75,02,49,426	3,82,50,75,240	80,23,86,991	-	3,35,99,887	27,89,715	4,59,66,52,059	7,88,04,27,565

i Capital WIP- Tangible Assets Includes Expenses during construction period ₹1,49,09,447/- (P.Y. ₹19,95,26,061/-)

ii Borrowing cost Capitalised during the year ₹1,54,57,320/- (P.Y. ₹18,24,18,549/-)

iii Deduction in Depreciation includes ₹ Nil (P.Y. ₹6,16,787/-) being depreciation transfer to Capital WIP

Notes - Addition to Research and Development assets during the year are as under

**Notes - Addition to Research and Development assets during the year are as under**

(Figures in ₹)

Sr.	Gross Block										Net Block	
No.	Particulars	Opening	Addition	Deduction	Closing	Opening	Provision For the Year	Deduction	Closing	Closing Balance 31.03.2015	Closing Balance 31.03.2014	
Tangible Assets												
1	Building	11,44,279	-	-	11,44,279	1,78,384	16,495	-	1,94,879	9,49,400	9,65,895	
2	Plant & Machinery	2,36,41,317	-	-	2,36,41,317	1,37,22,943	13,94,538	-	1,51,17,481	85,23,836	99,18,374	
3	Furniture & Fixtures	26,44,103	-	-	26,44,103	7,40,853	3,32,094	-	10,72,947	15,71,156	19,03,250	
4	Vehicles	9,55,980	-	6,18,012	3,37,968	4,51,653	1,02,421	2,33,005	3,21,069	16,899	5,04,327	
5	Computers	2,58,250	-	-	2,58,250	1,38,690	1,03,879	-	2,42,569	15,681	1,19,560	
6	Other Equipments	2,95,181	53,500	-	3,48,681	91,653	1,76,764	-	2,68,417	80,264	2,03,528	
	Sub Total	2,89,39,110	53,500	6,18,012	2,83,74,598	1,53,24,176	21,26,191	2,33,005	1,72,17,362	1,11,57,236	1,36,14,934	
Intangible Assets												
1	Product Licences	3,69,39,881	-	-	3,69,39,881	2,54,49,772	61,93,767	-	3,16,43,539	52,96,342	1,14,90,109	
	Sub Total	3,69,39,881	-	-	3,69,39,881	2,54,49,772	61,93,767	-	3,16,43,539	52,96,342	1,14,90,109	
	Total	6,58,78,991	53,500	6,18,012	6,53,14,479	4,07,73,948	83,19,958	2,33,005	4,88,60,901	1,64,53,578	2,51,05,043	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****12 NON-CURRENT INVESTMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>(1) In Other Investments</b>		
(i) 4 (Previous Year 4) Equity Shares of Alaukik Owners Association of Rs.100/- each - unquoted	400	400
(ii) 4,91,585 (Previous Year 4,91,585) Equity Shares of Bharuch Eco Aqua Infrastructure Ltd. of Rs.10/- each	49,15,850	49,15,850
(iii) 14,000 (Previous Year 14,000) Equity Share of Bharuch Eco Enviro Infrastructure Ltd. of Rs.10/- each	1,40,000	1,40,000
(iv) 500 (Previous Year 500) Equity Shares of Green Environment Services Co.Op.Soc. Ltd of Rs.10/- each	5,000	5,000
(v) 30,000 (Previous Year 30,000) Equity Shares of Panoli Enviro Technology of Rs.10/- each	3,00,000	3,00,000
(vi) 100 (Previous Year 100) Equity Shares of Sanand Eco Project Limited of Rs.10/- each	1,000	1,000
(vii) 2,000 (Previous Year 2,000) Equity Shares of Suvikas Peoples Co. Op. Bank Limited of Rs.50/- each	1,00,000	1,00,000
(viii) 10 (Previous Year 10) Equity Shares of Vellard View Premises Co. Op. Soc Ltd. of Rs.50/- each	500	500
(b) Investments in Government or Trust Securities - National Savings Certificate - Unquoted and Fully Paid	38,000	38,000
<b>Total (I)</b>	<b>55,00,750</b>	<b>55,00,750</b>
<b>(II) Other Non-Current Investments - Fully Paid</b>		
(i) 2,000 (Previous Year 2,000) Equity Shares of Saket Project Ltd. of Rs.100/- each - At realised value	20,000	20,000
(ii) 8,200 (Previous Year 8,200) Equity Shares of Lanzorate Finance Limited of Rs.10/- each - Unquoted	82,000	82,000
<b>Total (II)</b>	<b>1,02,000</b>	<b>1,02,000</b>
<b>TOTAL(I+II)</b>	<b>56,02,750</b>	<b>56,02,750</b>

**AGGREGATE VALUE OF QUOTED INVESTMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Non-Current: Equity Shares of Saket Project Ltd.		
Carrying Amount	20,000	20,000
Market Value	Not Available	Not Available

**AGGREGATE VALUE OF UNQUOTED INVESTMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Non-Current	5,582,750	5,582,750
Current	-	-
Aggregate Value of Provision for Diminution in Value	Nil	Nil



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Note :-** Given below are the financials of Jointly controlled entity, Trience Speciality Chemicals Pvt. Ltd. related to the company's interests of Nil (Previous Year 39%)

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Assets	-	6,19,519
Liabilities	-	2,41,012
Incomes	-	-
Expenses	-	7,54,388

- i To set up the CPVC Plant at GIDC Dahej, Bharuch, Meghmani Organics Limited, (Meghmani) Kaneka Corporation, and Mitsui & Co. (Asia Pacific) Pte. Ltd. (herein after called Joint Venture Partners) had formed the Trience Specialty Chemicals Pvt. Limited (Trience) a Joint Venture company having equity participation in the ratio of 39%, 41% and 20% respectively. As per Capital Clause of Memorandum of Association of Trience, the Joint Venture Partners had to subscribe ₹ 10,00,00,000/- Trience had called to subscribe ₹ 1,00,00,000/- to meet with the Preliminary expenses. Accordingly, Meghmani Organics Limited has subscribed ₹ 39,00,000/- towards its share.
- Joint Venture Partners could not complete the Second Stage Conditions prescribed in Articles of Association by September 30, 2012, As a result Hence as per Clause 10.3 of Articles of Association the Company has to go ahead with the voluntary liquidation.
- Under Section 560 of the Companies Act, 1956 Trience has applied to strike off its name from Registrar of Companies, Gujarat. Then notice has been taken on record by ROC and thereby Trience is no more in existence.
- ii Company has sold its investment in Subsidiary - Meghmani Energy Limited during the year and Consequently Meghmani Energy Limited has ceased to be a Subsidiary of the Company.
- iii Under Section 560 of the Companies Act, 1956 Meghmani Chemtech Limited has applied to strike off its name from Registrar of Companies, Gujarat. The notice has been taken on record by ROC and thereby Meghmani Chemtech Limited is no more in existence.

### 13 LONG TERM LOANS AND ADVANCES (Unsecured and Considered Good)

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Capital Advances	6,15,56,336	27,38,26,362
Security Deposits	6,81,05,788	9,32,09,594
Balance with Government Authorities	41,31,017	40,90,116
<b>TOTAL</b>	<b>13,37,93,141</b>	<b>37,11,26,072</b>

### 14 OTHER NON CURRENT ASSETS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Unamortised Upfront Charges on borrowings	3,82,94,785	4,43,41,332
Derivative Assets	12,69,49,310	21,51,69,583
Deposits for Margin Money with Banks exceeding one year (Refer Note i below)	2,25,30,879	2,19,15,133
<b>TOTAL</b>	<b>18,77,74,974</b>	<b>28,14,26,048</b>

- i Term Deposit held as margin money that are restricted for use for more than 12 months from the Balance sheet date have been classified as Other Non - Current Assets



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 15 CURRENT INVESTMENTS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Other Investments</b>		
Investments in Mutual Funds (Quoted/Unquoted) (Fully Paid/ Partly Paid)		
UTI Short Term Income Fund	1,62,10,818	-
Reliance Regular savings Fund - Debt Option	1,00,00,000	-
Tata short Term Bond Fund Plan A	6,44,35,738	-
DSP Black Rock Income Opportunities Fund	1,00,00,000	-
Tata Dynamic Bond Fund Plan A	7,27,65,243	-
<b>TOTAL</b>	<b>17,34,11,799</b>	<b>-</b>

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>Aggregate Value of Quoted Investment</b>		
Current:		
Carrying Amount	17,34,11,799	-
Market Value	17,59,99,766	-

### 16 INVENTORIES

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Raw Materials	54,19,09,475	63,84,94,381
Work In Process	13,15,85,148	14,69,73,331
Finished Goods	1,02,67,86,628	1,23,11,87,826
Finished Goods in Transit	10,67,47,815	10,82,92,008
Trading Goods	17,99,66,921	19,79,23,423
Stores & Spares	12,59,76,004	11,99,80,005
Others (Packing Material & Fuel)	4,48,45,707	5,29,34,108
(Refer Note Below)		
<b>TOTAL</b>	<b>2,15,78,17,698</b>	<b>2,49,57,85,082</b>

**Note :-**

- i Stock of Finished Goods Includes Excise Duty of ₹ 8,92,14,345/- (P.Y. ₹ 10,24,05,198/-)
- ii The Company has written down the value of inventory and had charged the same to Raw Material Consumption (Refer Note no - 23), Packing Material Consumption (Refer Note No - 27) & Increase / Decrease in Stock (Refer Note no - 24) as under

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Raw Materials	11,08,655	37,92,394
Finished Goods	31,66,622	30,99,652
Trading Goods	80,015	61,694
Others (Packing Material & Fuel)	61,992	19,64,538
<b>TOTAL</b>	<b>44,17,284</b>	<b>89,18,278</b>

**17 TRADE RECEIVABLES**  
(Unsecured and Considered Good)

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Exceeding Six Months	31,43,10,995	26,00,77,855
Others	2,85,26,98,570	3,26,31,18,653
<b>TOTAL</b>	<b>3,16,70,09,565</b>	<b>3,52,31,96,508</b>

**Notes :-**

- Includes ₹ 4,17,50,794/- (Previous Year: ₹ 5,97,62,561/-) due from firm or a Company in which some of the Directors are interested.
- The Company has called for balance confirmation of Trade Receivables on random basis. Out of which the Company has received response from some of the parties, which are subject to reconciliation with Company's account. The other balances of Trade Receivables are subject to confirmation.

**18 CASH AND CASH EQUIVALENTS**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Balance with Banks (Refer note i below)	7,33,95,930	6,73,04,549
Cash on hand	29,48,778	26,17,732
Fixed Deposit with Banks (Refer note ii below)	7,95,07,967	30,28,98,676
<b>TOTAL</b>	<b>15,58,52,675</b>	<b>37,28,20,957</b>

**Notes :-**

- The Current Account balance includes unpaid dividend of ₹ 35,58,190/- (P.Y. ₹ 19,48,791/-) and ₹ Nil (P.Y. ₹ 1,06,400/-) towards IPO Refund Payable which have been kept in separate earmarked accounts and no transactions except for the stated purpose are done through such accounts
- Fixed Deposit with banks is due within one year and held as margin money ₹ 32,84,529/- (P.Y. ₹ 34,38,509/-) and fixed deposit ₹ 7,62,23,438/- (P.Y. ₹ 5,00,00,000) earmarked against Debenture due for redemption in next 12 months

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 19 SHORT TERM LOANS AND ADVANCES

#### Unsecured and Considered Good

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Balance with Government Department	62,90,78,925	74,25,50,653
Advance Income Tax & TDS (Net of Provision for Tax)	17,67,00,670	15,12,62,519
MAT Credit Entitlement	21,70,00,000	10,85,00,000
Prepaid Expenses	2,27,58,395	1,52,76,317
Advance Payment to Vendors	19,26,22,006	19,09,26,419
Staff Advances	66,75,929	64,23,667
<b>TOTAL</b>	<b>1,24,48,35,925</b>	<b>1,21,49,39,575</b>

### 20 OTHER CURRENT ASSETS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Export Benefit Receivable	13,87,54,420	15,85,68,935
Insurance Claim Receivable	2,28,03,285	4,24,06,918
Interest Accrued	66,67,129	60,79,420
Derivative Assets	73,83,746	-
<b>TOTAL</b>	<b>17,56,08,580</b>	<b>21,63,82,489</b>

### 21 REVENUE FROM OPERATIONS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Sale of Products	12,67,82,77,582	11,56,94,50,422
Other Operating Revenue	26,37,95,746	21,38,48,929
<b>TOTAL</b>	<b>12,94,20,73,328</b>	<b>11,78,32,99,351</b>

#### Break up of Sale of Products

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Pigments	3,65,68,00,148	3,33,25,10,545
Agro Chemicals	4,35,41,91,451	3,96,71,45,498
Basic Chemical	3,30,79,40,805	2,62,35,82,752
Others	1,35,93,45,178	1,64,62,11,627
<b>TOTAL</b>	<b>12,67,82,77,582</b>	<b>11,56,94,50,422</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 22 OTHER INCOME

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Interest Income	3,76,55,023	4,89,48,390
Dividend Income From Others	24,500	30,001
OTHER NON OPERATING INCOME		
Commission - Export	-	9,70,117
Miscellaneous Income	1,52,38,222	24,05,457
Rent Received	19,79,597	26,42,179
Profit on Sale of Investment	92,35,087	63,27,437
<b>TOTAL</b>	<b>6,41,32,429</b>	<b>6,13,23,581</b>

### 23 COST OF MATERIALS CONSUMED

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Pigments	2,49,09,95,747	2,87,78,23,823
Agro Chemicals	2,56,05,19,179	2,57,49,18,676
Basic Chemical	1,71,73,43,018	1,14,04,34,477
<b>TOTAL</b>	<b>6,76,88,57,944</b>	<b>6,59,31,76,976</b>

Includes Written down value of Raw Material of Rs. 11,08,655/- (P.Y. Rs. 37,92,394/-) (Refer Note No - 16(ii))

### 24 CHANGE IN INVENTORIES OF FINISHED GOODS, WIP & STOCK IN TRADE

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<b>(A) Opening Stock</b>		
(i) Finished Goods	1,12,87,82,628	62,06,39,140
(ii) Trading Goods	19,79,23,423	21,90,21,178
(iii) Excise duty on Finished Goods	10,24,05,198	6,90,09,256
(iv) Goods in Transit	10,82,92,008	17,03,98,865
(v) Work-in-Process	14,69,73,331	6,55,67,815
<b>TOTAL (A)</b>	<b>1,68,43,76,588</b>	<b>1,14,46,36,254</b>
<b>(B) Closing Stock</b>		
(i) Finished Goods (Refer Note i below)	93,75,72,283	1,12,87,82,628
(ii) Trading Goods (Refer Note i below)	17,99,66,921	19,79,23,423
(iii) Excise duty on Finished Goods	8,92,14,345	10,24,05,198
(iv) Goods in Transit	10,67,47,815	10,82,92,008
(v) Work-in-Process	13,15,85,148	14,69,73,331
<b>TOTAL (B)</b>	<b>1,44,50,86,512</b>	<b>1,68,43,76,588</b>
<b>TOTAL (A - B)</b>	<b>23,92,90,076</b>	<b>(53,97,40,334)</b>

#### Note

- i Includes Written down value of Finished Goods of ₹ 31,66,622/- (P.Y. ₹ 30,99,652/-) (Refer Note No - 16(iii)) & Trading Goods of ₹ 80,015/- (P.Y. ₹ 61,694/-) (Refer Note No - 16(iii))

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 25 EMPLOYEES EMOLUMENTS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Salary & Wages	43,08,42,597	34,54,52,692
Directors Remuneration	3,36,44,569	2,69,78,298
Statutory Contribution	1,92,72,783	1,47,16,067
Staff Welfare Expenses	5,24,29,120	3,25,22,074
Labour Contract Charges	18,90,70,113	15,55,64,861
<b>TOTAL</b>	<b>72,52,59,182</b>	<b>57,52,33,992</b>

### 26 FINANCE EXPENSES

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Interest	72,05,32,749	65,26,02,457
Other Financial Charges	2,57,13,534	2,35,41,272
<b>TOTAL</b>	<b>74,62,46,283</b>	<b>67,61,43,729</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**27 OTHER EXPENSES**

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Consumption of Stores and Spare Parts	17,05,21,373	16,06,28,149
Power and Fuel	1,01,49,63,099	88,62,80,920
Repairs to Buildings	2,00,93,310	1,61,63,439
Repairs to Machinery	9,31,71,460	9,62,62,571
Pollution Control Expenses	10,82,82,015	11,75,12,904
Excise Duty Expenses (Refer Note - 35)	(1,07,43,225)	21,16,66,631
Rent (Refer Note -iii below)	82,72,426	54,59,637
Rates and Taxes	82,23,247	73,60,222
Insurance	4,30,20,986	3,50,04,803
Packing Material Consumption (Refer Note - ii below)	24,85,42,670	22,37,74,265
Loss on Sale of Fixed Asset	2,32,46,857	34,30,671
(Gain)/Loss on Foreign Currency transactions and translation	(13,28,70,352)	(28,40,17,010)
Loss on Derivatives	14,42,72,147	9,78,83,950
Shipping / Air Freight	22,18,18,260	18,35,07,736
Research and Development Expenses (Refer Note - v below)	1,09,69,523	1,37,90,638
Miscellaneous Expenses (Refer Note -i below)	56,95,17,144	55,77,35,460
Payments to the Auditor :		
(a) as Auditor	33,20,001	31,56,953
(b) for Taxation matters	2,35,000	4,00,000
(c) for Company Law matters	2,13,000	-
(d) for Other Services	3,00,000	3,50,000
(e) for Reimbursement of Expenses	6,783	-
<b>TOTAL</b>	<b>2,54,53,75,724</b>	<b>2,33,63,51,939</b>

**Notes**

- i Excise duty Expenses includes ₹ 1,31,90,853 being decrease (Previous Year ₹ 3,33,95,942 increase) pertains to variation in opening and closing stock of finished goods.
- ii Packing Material Consumption includes written down value of Packing Material of ₹ 61,992/- (P.Y. ₹ 19,64,538/-) (Refer Note No - 16(iii))
- iii The Company has operating lease from various premises which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases charged to Statement of Profit and Loss for the year ₹ 82,72,426/- (Previous Year: ₹ 54,59,637/-).  
Not later than 1 year ₹ 82,72,426/- (Previous Year: ₹ 54,59,637/-)
- iv The Company has not incurred or spent any expenditure towards Corporate Social Responsibility (CSR) activity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

V. Above expenses includes Research & Development related expenses as follows :-

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Salary & Wages	62,45,856	69,69,105
Raw Material Consumption	11,51,162	17,44,106
Consumables & Spares and Others	46,068	8,91,863
Electricity Expenses	13,80,942	17,69,236
Annual Maintenance Contract & Repairing	3,79,250	2,83,268
Computer Maintenance	13,231	22,915
Repairs to Other Asset	35,599	-
Stationery Expenses	32,074	9,724
Telephone, Mobile & Internet Expenses	78,319	1,57,642
Travelling Expense	4,77,422	12,22,996
Vehicle Expenses	8,98,026	5,28,589
Conveyance Expense	20,298	-
Miscellaneous Expense	2,11,276	1,68,499
Books & Periodicals	-	22,695
<b>TOTAL</b>	<b>1,09,69,523</b>	<b>1,37,90,638</b>

### 28 EXCEPTIONAL ITEMS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Profit on Sale of Fixed Assets	(1,94,41,256)	-
(Profit) / Loss on Sale of Investment	2,15,71,648	-
Investment Written Off	65,134	-
Loss on Derecognition of Subsidiary	(1,83,236)	-
<b>TOTAL</b>	<b>20,12,290</b>	<b>-</b>

Exceptional Item consists of Profit on Sale of Land at GIDC Ankleshwar and Loss on Sale of Long term Investment in subsidiary Meghmani Energy Limited.

Investment written off includes investment in (i) joint venture - Trience Speciality Chemicals Private Limited and (ii) subsidiary - Meghmani Chemtech Limited.

### 29 EXTRA ORDINARY ITEMS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Shortfall of Insurance Claim	-	49,54,417
<b>TOTAL</b>	<b>-</b>	<b>49,54,417</b>

Extra ordinary Item consists of Short Claim received from Insurance Company for Loss due to Fire during the Financial Year 2013-2014.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 30 EARNING PER SHARE

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Net Profit after tax attributable to shareholders before Extra Ordinary Item	43,88,96,096	23,29,96,223
Less - Extra Ordinary Item	-	49,54,417
Net Profit after tax attributable to shareholders after Extra Ordinary Item	43,88,96,096	22,80,41,806
Weighted average number of equity shares at the end of year	25,43,14,211	25,43,14,211
Nominal value of share	1	1
Basic / Diluted Earning Per Share before Extra ordinary items	1.73	0.92
Basic / Diluted Earning Per Share after Extra ordinary items	1.73	0.90

### 31 AS - 15

#### (a) Retirement Benefits

As per revised Accounting Standard 15 (AS-15) "Employees Benefits", the Company has recognized in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on 31st March 2015

#### (A) Defined Benefit Plans

##### I. Components of Employer Expenses

PARTICULARS	( Figures in ₹)			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Current Service Cost	41,81,144	38,27,744	5,40,574	5,53,625
Interest Cost	38,69,298	35,16,419	2,53,920	1,94,766
Expected Return on Plan Assets	(19,73,441)	(21,48,633)	-	-
Actuarial (Gain)/Loss	1,03,45,560	(18,09,766)	2,99,268	25,597
Total Expenses/(Gain) recognized in the Profit & Loss Account	1,64,22,561	33,85,764	10,93,762	7,73,988

##### II Net Asset/ (Liability) recognized in Balance Sheet

PARTICULARS	( Figures in ₹)			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Present value of Funded Obligation	5,57,55,072	4,65,26,647	31,70,136	22,03,139
Present value of Unfunded Obligation	2,76,617	(19,13,241)	7,51,270	5,38,449
Fair Value of Plan Assets	(2,45,39,314)	(2,76,06,961)	2,12,821	-
(Assets)/Liability recognized in the Balance Sheet	3,14,92,375	1,70,06,445	41,34,227	27,41,588



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****III Change in Defined Benefit Obligations (DBO)**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Opening balance of Present Value of Obligation	4,65,26,647	4,26,23,268	27,41,588	23,60,800
Current Service Cost	41,81,144	38,27,744	4,68,064	5,53,625
Interest Cost	43,05,521	35,16,419	3,26,430	1,94,766
Actuarial (Gain)/Loss	1,05,66,455	(19,22,895)	2,99,268	25,597
Benefit Paid	(27,80,364)	(15,17,889)	(4,52,393)	(3,93,200)
Closing Balance of Present Value of Obligation	6,27,99,403	4,65,26,647	33,82,957	27,41,588

**IV Changes in the Fair Value of Plan Assets**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Opening Balance of Present Value of Plan Assets	2,76,06,961	2,55,54,350	-	-
Expected Return on Plan Assets	24,09,664	21,48,633	-	-
Actuarial Gain/(Loss)	2,20,895	(1,13,129)	-	-
Contribution by Employer	40,36,173	15,34,996	-	-
Benefit Paid	(26,90,048)	(15,17,889)	-	-
Fair Value of Plan Assets as at 31st March	3,15,83,645	2,76,06,961	-	-

**V Actuarial Assumptions**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Discount Rate (per annum)	9.25%	8.25%	9.25%	8.25%
Expected Rate of Return on Assets p.a.	8.70%	8.70%	-	-
Annual Increase in Salary Costs p.a.	6.00%	6.00%	6.00%	6.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**VI Major Categories of plan assets as a percentage of total plan assets**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Government of India Securities	0.00%	0.00%	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Insurance Company	100.00%	100.00%	0.00%	0.00%

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **VII Movement in net liability recognized in Balance Sheet**

PARTICULARS	( Figures in ₹ )			
	Gratuity		Leave Encashment	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Net opening liability	1,89,19,686	1,70,68,918	27,41,588	23,60,800
P & L Charges	1,63,32,244	33,85,764	10,93,762	7,73,988
Contribution paid	(40,36,173)	(15,34,996)	(4,52,393)	(3,93,200)
Closing net liability	3,12,15,757	1,89,19,686	33,82,957	27,41,588

### **(B) Defined Contribution Plans**

Amount recognised as expenses on account of "Contribution / Provision to and for Provident and other Funds" of Statement of Profit and Loss - ₹ 1,70,41,706/- (Previous year ₹ 1,28,64,054/-)

### **32 SEGMENT REPORTING**

For Management purpose, the Group is currently organised into three major operating divisions – Pigments, Agro Chemicals and Basic Chemicals. These divisions are the basis on which the Group reports its primary segment information.

#### **Principal activities are as follows:**

#### **Pigments division**

To Manufacture and Distribute Phthalocynine Green 7, Copper Phthalocynine Blue (CPC), Alpha Blue and Beta Blue.

#### **Agrochemicals division**

To Manufacture and Distribute Technical, Intermediates and Formulations of Insecticides.

#### **Basic Chemical**

Basic Chemicals undergo processing in many stages before being converted into downstream Chemicals which are used by the Agriculture sector, industry and also directly by the consumers. The Caustic – Chlorine to be manufactured fall under the category of Basic Chemicals.

### **(a) Analysis By Business Segment**

#### **Segment revenue and expense:**

Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

#### **Segment assets and liabilities:**

Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital expenditure includes the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued expenses.

#### **Inter-segment transfers:**

Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market rates. These transfers are eliminated at the Group level

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Financial year ended on 31<sup>st</sup> March, 2015:**
**(Figures in ₹)**

	Pigments	Agro	Basic Chemical	Others*	Elimination	Total
<b>Revenue</b>						
External Sales	3,65,68,00,148	4,35,41,91,451	3,30,79,40,805	1,35,93,45,178		12,67,82,77,582
Other Operating Revenue	7,43,33,039	17,93,81,855	7,46,765	93,34,087		26,37,95,746
Inter-segment Sales	58,74,74,044	2,55,20,642	20,99,03,966	3,68,09,393	(85,97,08,045)	
Total Revenue	4,31,86,07,231	4,55,90,93,948	3,51,85,91,536	1,40,54,88,658	(85,97,08,045)	12,94,20,73,328
<b>Results</b>						
Segment Results	25,52,77,924	40,05,69,931	67,85,22,580	(8,28,31,755)	5,87,43,225	1,31,02,81,905
Un-allocable (Expenses)/Income						3,76,55,023
<b>Profit from Operation</b>						<b>1,34,79,36,928</b>
Finance Cost						(74,62,46,283)
Investments Income						24,500
<b>Profit before exceptional extraordinary items</b>						<b>60,17,15,145</b>
Exceptional Items						(20,12,290)
Extraordinary Items						-
<b>Profit Before Tax</b>						<b>59,97,02,855</b>
Income tax Expenses						(2,69,56,463)
Deferred Tax (Expenses)/Income						(11,29,36,870)
<b>Profit After Tax</b>						<b>45,98,09,522</b>

Other Information	Pigments	Agro	Basic Chemical	Others*	Elimination	Total
Capital Addition	33,70,21,554	17,64,50,815	22,15,39,595	29,251	-	73,50,41,215
Depreciation	(17,28,79,552)	(17,66,31,584)	(42,30,25,185)	(77,29,693)	3,29,03,373	(74,73,62,641)
Non-Cash Items	(1,70,34,257)	(37,55,824)	(1,20,14,628)	35,36,668	99,71,516	(1,92,96,525)

Balance Sheet	Pigments	Agro	Basic Chemical	Others*	Elimination	Total
<b>Assets</b>						
Segment Assets	5,42,30,14,973	5,64,25,64,336	5,15,64,24,316	80,09,42,065	(1,97,22,97,611)	15,05,06,48,080
Un-allocable Corporate Assets						39,37,00,670
Deferred Tax Assets						-
<b>Total assets</b>						<b>15,44,43,48,750</b>
<b>Liabilities</b>						
Segment Liabilities	2,61,74,71,766	2,74,17,42,661	2,93,53,04,717	75,66,93,959	37,13,80,463	9,42,25,93,565
Unallocable Liabilities						3,54,99,146
Deferred Tax Liabilities						47,09,62,428
<b>Total Liabilities</b>						<b>9,92,90,55,139</b>

\*Others includes Trading Activity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Financial year ended on 31<sup>st</sup> March, 2014:**
**(Figures in ₹)**

	Pigments	Agro	Basic Chemical	Others*	Elimination	Total
<b>Revenue</b>						
External Sales	3,33,25,10,545	3,96,71,45,498	2,62,35,82,752	1,64,62,11,627		11,56,94,50,422
Other Operating Revenue	6,68,66,564	13,31,89,576	11,69,148	1,26,23,641		21,38,48,929
Inter-segment Sales	61,60,83,650	71,20,091	20,53,21,383	1,31,95,297	(84,17,20,421)	
Total Revenue	4,01,54,60,759	4,10,74,55,165	2,83,00,73,283	1,67,20,30,565	(84,17,20,421)	11,78,32,99,351
<b>Results</b>						
Segment Results	20,45,56,104	28,37,05,269	69,14,66,926	(3,76,95,351)	2,66,46,611	1,16,86,79,559
Un-allocable (Expenses)/Income						4,89,48,390
<b>Profit from Operation</b>						<b>1,21,76,27,949</b>
Finance Cost						(67,61,43,729)
Investments Income						30,001
<b>Profit before exceptional extraordinary items</b>						<b>54,15,14,221</b>
Exceptional Items						-
Extraordinary Items						(49,54,417)
<b>Profit Before Tax</b>						<b>53,65,59,804</b>
Income tax Expenses						(1,34,67,356)
Deferred Tax (Expenses)/Income						(16,83,98,914)
<b>Profit After Tax</b>						<b>35,46,93,534</b>

Other Information	Pigments	Agro	Basic Chemical	Others*	Elimination	Total
Capital Addition	60,82,48,854	16,75,85,736	41,09,68,722	1,97,03,306	-	1,20,65,06,618
Depreciation	(11,98,36,952)	(18,78,87,500)	(49,38,55,965)	(2,93,67,318)	2,85,60,744	(80,23,86,991)
Non-Cash Items	6,36,88,481	5,00,50,899	(1,57,79,527)	2,10,17,878	3,85,07,831	15,74,85,562

Balance Sheet	Pigments	Agro	Basic Chemical	Others*	Elimination	Total
<b>Assets</b>						
Segment Assets	5,56,83,60,128	6,17,27,13,283	5,73,21,78,586	1,20,45,33,758	(2,30,26,71,426)	16,37,51,14,329
Un-allocable Corporate Assets						25,97,62,519
Deferred Tax Assets						-
<b>Total assets</b>						<b>16,63,48,76,848</b>
<b>Liabilities</b>						
Segment Liabilities	3,22,00,01,923	3,13,69,71,360	3,53,28,04,533	99,22,56,562	13,58,18,480	11,01,78,52,859
Unallocable Liabilities						6,58,56,360
Deferred Tax Liabilities						36,99,76,640
<b>Total Liabilities</b>						<b>11,45,36,85,859</b>

\*Others includes trading activity

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### B Analysis By Geographical Segment

#### (i) Segment Revenue

Segment revenue is analysed based on the location of customers regardless of where the goods are produced.. The following provides an analysis of the Group Sales by geographical Markets

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Export	7,28,60,52,625	7,13,97,74,499
Domestic	5,39,22,24,957	4,42,96,75,923
<b>TOTAL</b>	<b>12,67,82,77,582</b>	<b>11,56,94,50,422</b>

Segment assets, liability and capital expenditure are analysed based on location of those assets. Capital Expenditure includes the total cost incurred to purchase property, plant and equipment.

#### (ii) Segment Assets

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Outside India	2,84,68,31,081	3,12,61,17,614
Within India	12,59,75,17,669	13,50,87,59,234
<b>TOTAL</b>	<b>15,44,43,48,750</b>	<b>16,63,48,76,848</b>

#### (iii) Segment Liabilities

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Outside India	2,23,23,87,848	2,81,43,04,894
Within India	6,75,31,73,913	7,71,57,46,612
<b>TOTAL</b>	<b>8,98,55,61,761</b>	<b>10,53,00,51,506</b>

#### (iv) Segment Capital Expenditure

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Outside India	-	-
Within India	1,84,84,15,025	1,58,27,85,605
<b>TOTAL</b>	<b>1,84,84,15,025</b>	<b>1,58,27,85,605</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**33 RELATED PARTIES DISCLOSURES :-**

Enterprises in which Key Managerial Personnel [KMP] & their relatives have significant influence	:	Meghmani Pigments Ashish Chemicals Tapsheel Enterprise Meghmani Infrastructures Meghmani Dyes & Intermediates Pvt Ltd Meghmani Industries Limited Meghmani Chemicals Limited Fidelity Exports Private Limited* Vidhi Global Chemicals Limited Vanguard Overseas Limited* Panchratna Corporation Meghmani Unichem LLP Matangi Industries Meghmani Industries Limited - SEZ Unit Diamond Engineering Co. Delta Electricals
Key Managerial Personnel	:	Mr. Jayanti M Patel Mr. Ashish N Soparkar Mr. Natwarlal M Patel Mr. Ramesh M Patel Mr. Anand I Patel
Relatives of Key Managerial Personnel (Employee)	:	Ms. Deval Soparkar Mr. Maulik Patel Mr. Kaushal Soparkar Mr. Karna Patel Mr. Ankit Patel Mr. Darshan Patel
Relatives of Key Managerial Personnel	:	Taraben J. Patel
Joint Venture	:	Trience Speciality Chemicals Private Limited*

\*Ceased to be Associate / Joint Venture Company as on 31st March 2015.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note - 33  
RELATED PARTIES DISCLOSURES :-

Particulars	Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		KMP		Relatives of Key Managerial Personnel		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Purchase of Goods	47,77,36,004	14,46,95,352	-	-	-	-	47,77,36,004	14,46,95,352
Sale of Goods	58,08,20,068	25,22,63,910	-	-	-	-	58,08,20,068	25,22,63,910
Sale of Fixed assets	4,50,000	66,504	-	-	-	-	4,50,000	66,504
Purchase of Service	37,840	-	-	-	1,98,000	-	2,35,840	-
Remuneration	-	-	3,36,44,569	2,69,78,298	47,41,751	44,53,464	3,83,86,320	3,14,31,762
Interest Paid	-	-	25,61,644	-	-	-	25,61,644	-
Dividend	-	-	3,42,04,483	85,69,745	29,44,000	7,36,000	3,71,48,483	93,05,745
<b>Total</b>	<b>1,05,90,43,912</b>	<b>39,70,25,766</b>	<b>7,04,10,696</b>	<b>3,55,48,043</b>	<b>78,83,751</b>	<b>51,89,464</b>	<b>1,13,73,38,359</b>	<b>43,77,63,273</b>

Outstanding Balances with Related Parties

Particulars	Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		KMP		Relatives of Key Managerial Personnel		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Debtors	4,17,50,794	5,97,62,561	-	-	-	-	4,17,50,794	5,97,62,561
Creditors	4,00,78,968	5,72,90,390	-	-	-	-	4,00,78,968	5,72,90,390
Advance for Capital Expenditure	3,00,00,000	17,75,00,000	-	-	-	-	3,00,00,000	17,75,00,000
Salary, PF & Gratuity Payable	-	-	13,70,500	9,52,700	4,44,521	2,26,539	18,15,021	11,79,239
<b>Total</b>	<b>11,18,29,762</b>	<b>29,45,52,951</b>	<b>13,70,500</b>	<b>9,52,700</b>	<b>4,44,521</b>	<b>2,26,539</b>	<b>11,36,44,783</b>	<b>29,57,32,190</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DISCLOSURE IN RESPECT OF MATERIAL TRANSACTION WITH RELATED PARTY DURING THE YEAR**

Party Name	Relationship	Nature of Transaction	Total ₹
Vidhi Global Chemicals Limited	} Enterprises in which Directors & Key Managerial Personnel have significant influence	Sale of Goods	32,41,66,999
Meghmani Unichem LLP		Sale of Goods	13,72,64,593
Meghmani Pigment		Purchase of Goods	13,87,69,235
Vidhi Global Chemicals Limited		Purchase of Goods	32,51,98,536
Mr. Karana Patel	} Relatives of Key Managerial Personnel	Purchase of Service	1,98,000
Ms. Taraben Patel		Dividend	29,44,000
Mr. Jayanti Patel	} Key Managerial Personnel	Dividend	74,24,156
Mr. Ashish Soparkar		Dividend	98,47,179
Mr. Natwarlal Patel		Dividend	1,03,64,191
Mr. Ramesh Patel		Dividend	65,68,957
Mr. Jayanti Patel		Managerial Remuneration	67,31,091
Mr. Ashish Soparkar		Managerial Remuneration	67,27,483
Mr. Natwarlal Patel		Managerial Remuneration	67,27,483
Mr. Ramesh Patel		Managerial Remuneration	67,31,091
Mr. Anand Patel		Managerial Remuneration	67,27,421
Ms. Deval Soparkar	} Relatives of Key Managerial Personnel	Salary	13,11,343
Mr. Karana Patel		Salary	7,84,398
Mr. Ankit N Patel		Salary	5,51,966
Mr. Darshan I Patel		Salary	5,13,675
Mr. Maulik J Patel		Salary	8,44,126
Mr. Kaushal A Soparkar		Salary	7,36,243
<b>Total</b>			<b>1,13,47,76,714</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****34 AS-30 DISCLOSURES ON FINANCIAL DERIVATIVES**

The Company uses derivative financial instruments such as Forwards, Swaps and Options to hedge its risks associated with foreign exchange fluctuations. The Company uses Interest Rate Swaps specifically to protect against Interest Rate Volatility on the floating rate External Commercial Borrowings (ECBs). It also uses Cross Currency Swaps to protect against foreign currency exchange rate as well as interest rate fluctuations on its foreign currency loans. Swaps and Forwards are also used to hedge the currency risk inherent in the settlement of the Liabilities denominated in foreign exchange

For derivative financial instruments and foreign currency monetary items designated as Cash Flow hedges, the effective portion of the fair value of the derivative financial instruments are recognized in Hedge Reserve and reclassified to Profit and Loss as per guidance in AS 30. Hedge reserves have been credited to the extent of ₹12,43,53,858/- during the financial year 2014-15 (debited to the extent of ₹ 7,63,86,888/- during the financial year 2013-14). During the year 2014-15 ₹ 2,56,03,797/- has been recycled from the reserves and debited to the Statement of Profit and Loss account (during financial year 2013-14 ₹ 1,82,61,931/- has been recycled and debited to the Statement of Profit and Loss account).

The ineffective portion of the change in fair value of such instruments is recognised in the Statement of Profit and Loss Account in the period in which they arise. The various cash flows with reference to the hedged items and the hedging instruments are expected to occur over the coming years and are expected to affect the Statement of Profit and Loss account over the same period of time. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, hedge accounting is discontinued and the fair value changes arising from the derivative financial instruments are recognized in Profit and Loss.

In line with the Company's risk management policy, the various financial risks mainly relating to changes in the exchange rates and interest rates are hedged by using a combination of forward contracts, swaps and other derivative contracts, besides the natural Hedges.

**(A) Particulars of the derivative contracts entered into for hedging purpose outstanding as on reporting date are as under:**

Particulars	No. of Contracts	31 <sup>st</sup> March, 2015		No. of Contracts	31 <sup>st</sup> March, 2014	
		Exposure in INR	Mark to Market Value		Exposure in INR	Mark to Market Value
<b>For Hedging Foreign Currency Risk</b>						
1) Forward Contracts for receivables including firm commitments and highly probable forecasted transactions	53	77,90,63,000	73,83,746			
2) Forward Contracts for payables including firm commitments and highly probable forecasted transactions	1	5,21,25,000	(61,81,782)	-	-	-
3) Currency Swaps (ECB & NCD) (MOL & MFL)	4	1,18,30,63,203	(7,37,79,921)	7	2,22,98,28,787	(15,83,62,404)
4) Option Contracts	-	-	-	-	-	-
5) Interest Rate Swap	2	70,65,74,063	(62,99,090)	4	1,34,08,03,535	(2,14,33,861)
Hedge for Currency Risk - Total		2,72,08,25,266	(7,88,77,047)		3,57,06,32,322	(17,97,96,265)
Interest Rate Risk (MFL)	3	53,56,87,496	(2,54,02,838)	3	66,03,09,839	(3,74,17,466)
<b>Total of Derivative Contracts entered into for Hedging Purpose</b>		<b>3,25,65,12,762</b>	<b>(10,42,79,885)</b>		<b>4,23,09,42,161</b>	<b>(21,72,13,731)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(B) Out of the above, Derivative Instruments entered into for hedging but not qualifying for hedge under AS 30 are as under :-

Particulars	No. of Contracts	31 <sup>st</sup> March, 2015		No. of Contracts	31 <sup>st</sup> March, 2014	
		Exposure in INR	Mark to Market Value		Exposure in INR	Mark to Market Value
1) Options	-	-	-	-	-	-
2) Cross Currency Swaps (MOL )	-	-	-	1	14,14,47,152	3,04,10,898
3) Interest Rate Swaps	2	70,65,74,063	(62,99,090)	4	1,34,08,03,535	(2,14,33,861)
<b>Total of Derivative Instrument ineffective under AS 30</b>		<b>70,65,74,063</b>	<b>(62,99,090)</b>		<b>1,48,22,50,687</b>	<b>89,77,037</b>

### 35 CONTINGENT LIABILITIES AND COMMITMENTS

#### A NOT PROVIDED FOR IN THE ACCOUNTS

PARTICULARS	(Figures in ₹)	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
In respect of Bank Guarantee	14,96,25,519	14,97,32,806
In respect of Letter of Credit	37,86,44,275	22,76,19,135
In respect of Corporate Guarantee	1,05,35,71,375	1,79,08,00,017

Name of Statute	Nature of Dues	(Figures in ₹)		Forum where Dispute is pending
		31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014	
Income Tax Act.	Income Tax / Penalty for Various Financial Year 2000-2001, 2002-2003 to 2008-2009	5,82,12,413	6,45,90,593	Commissioner of Income Tax (Appeal) / Income tax Appellate Tribunal / High Court
Central Excise Tariff Act.	Excise Duty/ Penalty/ Interest	3,87,26,873	3,87,26,873	Commissioner of Central Excise / Director General of Central Excise / Audit team of Central Excise / Central Excise Service tax Appellate Tribunal
Service Tax	Service Tax/ Penalty/ Interest	3,56,06,754	2,81,86,979	Commissioner of Central Excise / Deputy Commissioner of Central Excise / Central Excise Services Tax Appellate Tribunal
Labour Laws	Compensation Claims	1,76,44,659	1,76,65,351	Labour Court
Value Added Tax	Input Tax Credit	2,29,13,312	2,29,13,312	The Joint Commercial Tax Commissioner Appeal 1

B The estimated amount of contracts remaining to be executed on capital accounts of ₹ 23,48,39,002/- (Previous Year: ₹ 4,58,93,008/-) is not provided for.

### 36 Disclosure on Discontinuing Operation

- i Meghmani Energy Limited (MEL) - Wholly Owned Subsidiary of Meghmani Organics Limited (the Company) has discontinued its operation by disposing the assets owned by the entity. During the year the Company has sold its investment in Wholly Owned Subsidiary viz. MEL during the year and consequently MEL has ceased to be a Subsidiary of the Company.
- ii Meghmani Chemtech Limited - Subsidiary of Meghmani Organics Limited has discontinued its operation and has applied to strike off its name from Registrar of Companies, Gujarat. The notice has been taken on record by ROC Under Section 560 of the Companies Act, 1956 and thereby Meghmani Chemtech Limited has ceased to be a Subsidiary of the Company.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

- iii Trience Speciality Chemicals Pvt. Limited (Trience) a Joint Venture of the Company having equity participation in the ratio of 39% as Joint Venture Partners could not complete the Second Stage Conditions prescribed in Articles of Association by September 30, 2012. Hence, as per Clause 10.3 of Articles of Association the Company has to go ahead with the voluntary liquidation. Therefore Trience has applied to strike off its name from Registrar of Companies, Gujarat under Section 560 of the Companies Act, 1956 and the notice has been taken on record by ROC and thereby Trience has ceased to be a Joint Venture Company.

**Details of Revenue and Expenses and net Cash Flow in respect of Ordinary activities attributable to the Discontinuing operation during the current financial period are as under :-**

Particulars	Name of Subsidiary / Joint Venture			Total ₹
	Meghmani Energy Limited ₹	Meghmani Chemtech Limited ₹	Trience Speciality Chemicals Pvt. Ltd. ₹	
	Subsidiary	Subsidiary	Joint Venture	
Revenue	-	-	-	-
Expenses :-				
Employees Emoluments	92,084	-	2,63,250	3,55,334
Finance Expenses	1,168	1,718	723	3,609
Depreciation	57,54,706	-	-	57,54,706
Other Expenses	2,41,75,496	68,69,640	1,14,534	3,11,59,670
Exceptional Items	(2,17,51,511)	(72,34,866)	(39,00,000)	(3,28,86,377)
<b>Total</b>	<b>82,71,943</b>	<b>(3,63,508)</b>	<b>(35,21,493)</b>	<b>43,86,942</b>
Profit / (Loss) before Tax from Ordinary Activities from Discontinuing Operation	(82,71,943)	3,63,508	35,21,493	(43,86,942)
Current Tax	-	-	-	-
Profit / (Loss) after Tax from Ordinary Activities from Discontinuing Operation	(82,71,943)	3,63,508	35,21,493	(43,86,942)
Net Cash Flow attributable to Operating, Investing and Financing activities of Discontinuing Operation	(16,19,310)	(1,43,277)	(6,19,519)	(23,82,106)

**Signature to Notes 1 to 36**

**AS PER OUR ATTACHED REPORT OF EVEN DATE**

**FOR KHANDWALA & KHANDWALA  
CHARTERED ACCOUNTANTS**

**D C Shah  
Chief Financial Officer**

**M. M. KHANDWALA  
PARTNER  
M. NO.: 32472**

**K. D. Mehta  
Company Secretary**

**For and on Behalf of Board**

**J. M. PATEL – Executive Chairman (DIN - 00027224)  
A. N. SOPARKAR – Managing Director (DIN - 00027480)  
N. M. PATEL – Managing Director (DIN - 00027540)**

**PLACE : AHMEDABAD  
DATE : 22<sup>nd</sup> MAY, 2015**

**PLACE : AHMEDABAD  
DATE : 22<sup>nd</sup> MAY, 2015**

**Statement of Salient features of financial statement of subsidiaries/associates /Joint Ventures  
as per Section 129(3) of the Companies Act, 2013  
Part-"A": Subsidiaries**

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Tax	Provision for tax	Profit After Tax	Proposed Dividend	% of Shareholding
1	Meghmani Finechem Ltd	31.03.15	INR	7076.00	14947.66	53420.63	31396.98	1734.22	35421.07	4243.42	774.96	3468.46	2547.36	57%
2	Meghmani Europe BVBA	31.03.15	EURO	811.44	-1072.00	1265.01	1525.57	0	1762.79	-391.72	0	-391.72	0	100%
3	Meghmani USA INC	31.03.15	USD	139.70	310.12	3051.24	2601.42	0	5297.85	90.94	0	90.94	0	100%
4	PT Meghmani Indonesia	31.03.15	IDR	123.30	-508.79	174.70	560.19	0	0	-76.78	0	-76.78	0	100%
5	Meghmani Overseas FZE	31.03.15	AED	4.56	76.79	364.09	282.74	0	957.89	8.31	0	8.31	0	100%

**Names of Subsidiaries which have been ceased during the financial year**

1. Meghmani Energy Limited
2. Meghmani Chemtech Limited

**Names of Joint Venture Company which have been ceased during the financial year**

1. Trience Speciality Chemicals Private Limited

**MEGHMANI ORGANICS LIMITED**

CIN No. L24110GJ1995PLC024052

Regd. Office: Plot No. 184, (Phase II), G.I.D.C. Industrial Estate, Vatva, Ahmedabad-382 445.

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** IS hereby given that **Twenty First Annual General Meeting** of the Company will be held on **Monday, 27<sup>th</sup> July, 2015 at 10.00 a.m.** at H T Parekh Convention Center, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad -380 015 to transact the following businesses:-

**ORDINARY BUSINESS:-**

1. To receive, consider, and adopt
  - (i) the Audited Standalone financial statement of the Company for the financial year ended 31st March, 2015 together with report of the Board of Directors and Auditors thereon and
  - (ii) the Audited Consolidated financial statement of the Company for the financial year ended on 31st March, 2015 together with report of Auditors thereon.
2. To appoint a director in place of Mr. Jayaraman Vishwanathan (DIN 00477796), who retires by rotation and being eligible offers himself for re-appointment as Independent Director for a period of 5 (Five) years.
3. To appoint a director in place of Mr. Kantibhai Patel (DIN 02325787), who retires by rotation and being eligible offers himself for re-appointment as Independent Director for a period of 5 (Five) years.
4. To consider and if thought fit to pass the following resolution with or without modification, if any, as an **Ordinary Resolution**:-

**Appointment of Auditors and Joint Auditors and fix their remuneration :-**

**“RESOLVED THAT** pursuant to the provisions of Sections 139 to 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Khandwala & Khandwala, Chartered Accountants (Registration No. FRN 107647W) be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company and that such appointment is in consonance with the Indian Generally Accepted Accounting Principles (Indian GAAP).”

**“RESOLVED FURTHER THAT** KPMG Chartered Accountants be and are hereby appointed as Joint auditors of the Company under International Financial Reporting Standards (IFRS) (For Singapore Stock Exchange Requirements) to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company.”

**SPECIAL BUSINESS:-**

5. To Consider and if thought fit to pass the following resolution with or without modification, as an **Ordinary Resolution**:-

**APPOINTMENT OF MS. URVASHI SHAH – WOMAN DIRECTOR**

**“RESOLVED THAT** pursuant to provisions of Section 149, 152 read with Schedule IV and all other provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement, Ms. Urvashi Shah (DIN 07007362) who was appointed as an Additional Director of the Company, under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, and who holds office till the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as Non Executive Independent Woman Director of the Company for a period of 5 (Five) years from 27th July, 2015.”

**MEGHMANI ORGANICS LIMITED**

**CIN No. L24110GJ1995PLC024052**

**Regd. Office:** Plot No. 184, (Phase II), G.I.D.C. Industrial Estate, Vatva, Ahmedabad-382 445.

**NOTICE OF ANNUAL GENERAL MEETING**

6. To Consider and if thought fit to pass the following resolution with or without modification as an **Ordinary Resolution**:-

**TO RATIFY PAYMENT OF REMUNERATION TO THE COST AUDITORS OF THE COMPANY FOR FY 2015-16**

**“RESOLVED THAT** in accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of The Companies (Audit and Auditors) Rules 2014 and other applicable provisions, if any of the Companies Act, 2013, payment of Remuneration of ₹ 2,50,000 (Rupees Two lacs Fifty Thousand only) (apart from reimbursement of out-of-pocket expenses incurred for the purpose of Audit) to M/s Kiran J Mehta & Co. Cost Accountant Ahmedabad ((having firm registration No. 000025), for conducting the audit of Cost Records of the Company for the financial year 2015-16, be and is hereby approved and ratified.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Registered Office:  
**184, PHASE II,  
GIDC INDUSTRIAL ESTATE, VATVA,  
AHMEDABAD 382 445  
Date: 22.05.2014**

**By Order of the Board  
  
K D MEHTA  
COMPANY SECRETARY  
FCS - 2051**

**\* \* \***

**NOTES****Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.
3. As per Section 105 of the Companies Act, 2013 and Rules 7.17 thereof a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% percent of the total share capital of the Company.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from **20th July, 2015 to 27th July, 2015** (both days inclusive) for the purpose of Annual General Meeting.
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
7. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, if any. The Company or its Registrars cannot act on any request received directly from Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.  
  
Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Registrar and Share Transfer Agent.
8. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
9. **The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.**
10. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

## NOTES

11. Electronic copy of the Annual Report for 2014- 15 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-15 are being sent in the permitted mode.
12. Electronic copy of the Notice of the 21st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 21st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
13. Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website **www.meghmani.com** for their download. The physical copies of the relevant documents mentioned in accompanying notice will be available at the Company's Registered Office in Ahmedabad for inspection during normal business hours on all working days except Saturdays.
14. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: **helpdesk@meghmani.com**
15. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
16. Members are requested to provide their client ID and DP ID numbers at the meeting for easy identification.
17. **Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 (seven) days before the date of the Meeting so that the information required may be made available at the Meeting.**
18. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company or Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company.
19. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be, transferred to the Investor Education and Protection Fund as per Section 125 of the Companies Act, 2013.
20. **Voting through electronic means**  
  
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

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**The instructions for members for voting electronically are as under:-**

- (i) The voting period begins on **24<sup>th</sup> July, 2015 at 9 AM and ends on 26<sup>th</sup> July, 2015 at 5 PM**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **20th July, 2015**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website **www.evotingindia.com**
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the Steps given below :-

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number will be intimated to such member by way of a letter.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the **EVSN -150623009** for **Meghmani Organics Limited**.

- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**

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#### **CONTACT DETAILS**

COMPANY	MEGHMANI ORGANICS LIMITED "MEGHMANI HOUSE", SHREE NIVAS SOCIETY,VIKAS GRUH ROAD, PALDI, AHMEDABAD 380 007. E-MAIL :- <b>helpdesk@meghmani.com</b>
REGISTRAR AND TRANSFER AGENT	LINK INTIME INDIA PRIVATE LIMITED C-13, PANNALAL SILK MILLS COMPOUND. LBS ROAD, BHANDUP (WEST), MUMBAI 400 078, INDIA. Tel: +91 22 2596 0320, Fax: +91 22 2596 0329 E-MAIL :- <b>santosh.jaiswal@linkintime.co.in, bhaskaran@linkintime.co.in</b>
E-VOTING AGENCY	CENTRAL DEPOSITORY SERVICES [INDIA] LIMITED
E-MAIL	<b>helpdesk.evoting@cdslindia.com</b>
SCRUTINIZER	MR. MUKESH KHANDWALA – CHARTERED ACCOUNTANT M/S KHANDWALA & KHANDWALA E-MAIL - <b>mukesh@khandwala.in</b>

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO. 5**

Ms. Urvashi Dhirubhai Shah, 59 years, has been appointed on the Board of Directors ('Board') of the Company on 27th March, 2015 as an Additional Director of the Company pursuant to a resolution by circulation. The Board of the Company accorded its consent to her appointment on 22nd May, 2015. As per Section 161 of the Companies Act, 2013, she holds the office up to the date of forth coming Annual General Meeting.

Ms. Urvashi Shah holds Bachelor of Arts (BA) Degree with Economics and having First class First rank of Gujarat University. She has passed Intermediate Exam of the Institute of Chartered Accountants of India. She is an Advocate by profession and practicing with Income Tax appellate Tribunal since last 11 years. Ms. Urvashi Shah is on the Board of Brady & Morris Engineering Co Ltd. (Bombay) as Non Executive Independent Director.

As required under Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a member proposing the candidature of Ms. Urvashi Shah for the office of Director of the Company. The Company has received a declaration from Ms. Urvashi Shah that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Ms. Urvashi Shah is not disqualified for being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors, Key Managerial Personnel and/or their relatives except Ms. Urvashi Shah is interested in the resolution.

**ITEM NO. 6**

In accordance with the provisions of Section 148(2) and 148(3) read with The Companies (Cost Records and Audit) Rules, 2014, the Company is required to appoint a Cost Auditor for cost audit of Pigment and Agro Chemicals product manufactured by the Company.

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of M/s Kiran J Mehta & Co. (having firm registration No. 000025), Ahmedabad as the Cost Auditor for Cost Audit of Pigment and Agro Chemicals product for the Year 1st April, 2015, to 31st March, 2016 on a remuneration of ₹ 2,50,000 (Rupees Two Lacs Fifty Thousand only) (apart from reimbursement of out-of pocket expenses incurred for the purpose of Audit) subject to approval of remuneration by the Members.

Section 148(3) read with Rule 14 of The Companies (Audit and Auditors) Rules 2014 prescribes that the remuneration of the Cost Auditor shall be ratified by the Shareholders.

Accordingly, this Ordinary Resolution is proposed for ratification by the Members.

The Board of Directors recommend passing of the Ordinary Resolution.

None of the Directors, Key Managerial Personnel and/or their relatives is concerned or interested in the resolution.

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**STATEMENT UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH REGARDING  
TO THE DIRECTORS PROPOSED FOR APPOINTMENT-REAPPOINTMENT**

**(1) Mr. Jayaraman Vishwanathan (DIN-00477796)**

Mr. Vishwanathan, **57 years** has over 28 years of experience, in private equity, portfolio management, banking, industry and entrepreneurship; since 1989, in India, Singapore & Middle East. Amongst the pioneers in Private Equity in India initially with the Tata Group followed by Hong Kong / London based JF Electra with a Strong track record of successful exits.

In Years 1992-'95, set up and managed the Private Equity operations for the Tata Group – Tata Investment Corporation. Some of the invested companies such as Renewable Energy Systems, Elcot Power Controls, Maxwell Apparels, etc., have emerged as market leaders in their respective businesses and have delivered double digit multiples on exit.

In Year 1995 set up and managed one of Asia's earliest western style PE funds in India – JF Electra Fund; AUM >£3bn; Some of the successful exits included Covansys, Moser Baer, Zensar, Locus, Cash-on-cash returns >5x of sums invested in Asia. Piloted the 1st Indian listing on the Singapore Stock Exchange – Meghmani Organics - Aug 2004; A JF Electra investee company; Continue to be on the Board of the company.

Co-founded a pioneering web-based subscription and delivery service for global magazines, www.qmags.com, targeted at the B2B magazine publishing space in the U.S and the U.K.

Served as a Board Member and Chief Investment Officer CERT, Abu Dhabi, a UAE Govt owned investment company investing globally in early stage opportunities in technology, innovation, education and health care.

Led the acquisition & integration of German Solar major, Solon in 2012 for a Fujairah, UAE based Solar Cells manufacturer as its CFO for 4 years until May 2014 and presently serving on the Board of Directors of Solon International. The team members have successfully led the acquisition of a German solar major, and its integration with a leading Asian solar player. Part of the team that built over 500MW of solar power plants globally, of which 300MW are under Operation and Management, Strong background in manufacture of high efficiency cells and modules which are certified to sell in highly quality conscious markets like Japan & Germany, Negotiated tolling contracts for manufacture of cells and modules with industry leading players from the U.S and China.

He is a Chartered Accountant (equivalent to CPA) and a Member, Institute of Chartered Accountants of India; Member, Chartered Institute of Management Accountants, London (U.K);.

**(2) Mr. Kantibhai Patel (DIN-02325787)**

Mr. Kantibhai Patel **69 years** was appointed as a Director of our Company on October 24, 2008. He holds a Bachelor of Science and Law degree from Gujarat University and also holds diploma of Master of Labour Welfare (MLW). Mr. Patel after completing his graduation served Textile Industries in Ahmedabad for 12 years out of which he served as Labour Welfare Officer for 7 (Seven) years in New Cotton Mills Limited, Ahmedabad. He started his own practice as an Advocate in 1980. His primary practice areas are Labour Law and Criminal Law (Management) side.

He is also on the Board of Rainbow Papers Limited, Jay Chemicals Industries Limited, K H. Patel Labour Consultancy Private Limited and Sundek India Limited.

**Registered Office:**

**184, Phase II, GIDC Industrial Estate,**

**Vatva, Ahmedabad 382 445**

**Date: 22nd May, 2015**

**Place: Ahmedabad**

**BY ORDER OF THE BOARD**

**FOR, MEGHMANI ORGANICS LIMITED**

**K. D. MEHTA**

**COMPANY SECRETARY**

**FCS - 2051**

Form No. MGT-11  
Proxy Form

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

CIN: L24110GJ1995PLC024052

Name of the Company: **Meghmani Organics Limited**

Registered Office: Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445

Name of the Member(s):
Registered address:
E-mail Id:
Folio No./Client Id & DP. Id:

I/We, being a member/members holding \_\_\_\_\_ shares of Meghmani Organics Limited hereby appoint.

1. Name :- Address	2. Name :- Address	3. Name:- Address
E-mail Id:	E-mail Id:	E-mail Id:
Signature:..... or failing him	Signature:..... or failing him	Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on **Monday, 27th July, 2015 at 10.00 a.m.** at H T Parekh Convention Center, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad -380 015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Description.	No. of shares held	I/We assent the resolution (FOR)	I/We dissent the resolution. (AGAINST)
	<b>ORDINARY BUSINESS</b>			
1.	Adoption of financial statement for the year ended on 31 <sup>st</sup> March, 2015.			
2.	Re- appointment of Mr. Jayaraman Vishwanathan Director retiring by rotation			
3.	Re- appointment of Mr. Kantibhai H Patel, Director retiring by rotation			
4.	Appointment of Statutory Auditor and Joint Auditor			
	<b>SPECIAL BUSINESS</b>			
5.	Appointment of Ms. Urvashi Shah as an Independent Non – Executive Woman Director.			
6.	To ratify Payment of Remuneration to the Cost Auditors of the Company for FY 2015-16.			

Signed this .....day of July, 2015

Signature(s) of the Shareholder(s).....Signature of Proxy Holder.....

Affix Rs.1  
Revenue  
Stamp

**Notes:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**MEGHMANI ORGANICS LIMITED**

**CIN No. L24110GJ1995PLC024052**

**Regd. Office:** Plot No. 184, (Phase II), G.I.D.C. Industrial Estate, Vatva, Ahmedabad-382 445.

**ATTENDANCE SLIP**

**To be handed over at the entrance of the Meeting Hall**

I hereby record my presence at Twenty First Annual General Meeting of Meghmani Organics Limited held on **Monday, 27th July, 2015 at 10.00 a.m.** at H T Parekh Convention Centre, Torrent AMA Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015

DP ID	Client ID	Folio No.	No. of Shares held

\_\_\_\_\_  
**Full Name of Shareholder (In block Letters)**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Full Name of Proxy (In block Letters)**

\_\_\_\_\_  
**Signature**



## **MEGHMANI ORGANICS LIMITED**

**World Headquarters : 'Meghmani House'**

Shree Nivas Society, Paldi, Ahmedabad - 380007. Gujarat (INDIA)

**Tel :** +91 79 26640668 / 9, **Fax :** +91 79 26640670

**E-mail :** [helpdesk@meghmani.com](mailto:helpdesk@meghmani.com) **website :** [www.meghmani.com](http://www.meghmani.com)

**CIN No. :** L24110GJ1995PLC024052