



34th Annual Report 2015-2016

MANGALAM ORGANICS LIMITED
(Formerly Dujodwala Products Ltd.)



BOARD OF DIRECTORS

| | |
|--------------------------|-------------------|
| Mr. Kamalkumar Dujodwala | Chairman |
| Mr. Pannkaj Dujodwala | Managing Director |
| Mr. Rajkumar Saraf | Director |
| Mr. Rajkumar Jatia | Director |
| Mr. Sharad Saraf | Director |
| Mrs. Anita Shriya | Director |

Chief Financial Officer Mr. Shrirang V. Rajule

Company Secretary Mr. Ankur Gala

AUDITORS:

M/s. R. Kabra & Co
Chartered Accountants
515, Tulsiani Chambers,
Nariman Point, Mumbai -400 021.

Cost Auditor Mr. Naresh Jethwani

BANKERS:

The Saraswat Co-operative Bank Ltd (Scheduled Bank)
SME Nariman Point, A wing, 1st Floor, Mittal Court,
Mumbai – 400 021.

AUDIT COMMITTEE:

Mr. Sharad Saraf
Mr. Rajkumar Saraf
Mr. Kamalkumar Dujodwala

REGISTRAR AND TRANSFER AGENT

Universal Capital Securities Private Limited
21, Shakil Niwas, Opp. Satya Saibaba Temple,
Mahakali Caves Road, Andheri (East),
Mumbai – 400 093.

REGISTERED OFFICE & PLANT LOCATION

Kumbhivali Village, Savroli Kharpada Road,
Taluka – Khalapur, Khopoli – 410 202.
District Raigad (M.S.). Tel: 02192-276140

Email: info@mangalamorganics.com **Website:** www.mangalamorganics.com

CIN : L24110MH1981PLC024742

ADMINISTRATIVE OFFICE

812, Tulsiani Chambers
Nariman Point,
Mumbai – 400 021.

[As a measure of economy, copies of the Annual Report will not be distributed at the meeting and therefore members are requested to bring their copies of the Annual Report at the meeting]



NOTICE

Mangalam Organics Limited

Registered Office : Kumbhivali Village, Savroli Kharpada Road, Taluka – Khalapur, Khopoli,

Dist: Raigad (Maharashtra) Tel No. : 02192-276140

Website : www.mangalamorganics.com Email : info@mangalamorganics.com,

Notice is hereby given that 34th Annual General Meeting of the members of **MANGALAM ORGANICS LIMITED** (the “Company”) will be held at the Registered Office of the Company at Kumbhivali Village, Savroli Kharpada Road, Taluka – Khalapur, Khopoli, Dist Raigad (Maharashtra) on Friday, 30th September, 2016 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited financial statement of the Company including Balance sheet as at 31st March, 2016 Profit and Loss Statement for the year ended on that date, Reports of the Board and Auditors of the Company.
2. To appoint a Director in the place of Mr. Kamalkumar Dujodwala, who retires by rotation and being eligible offers himself for re-appointment.

Special Business :

3. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution :

“RESOLVED THAT M/s. NGST & ASSOCIATES (Chartered Accountants) ICAI Registration No. 135159W, be and is hereby appointed as a statutory auditor of the Company to fill the Casual Vacancy arise due to the resignation of M/s. R. Kabra and Co. (Chartered Accountants) ICAI Registration No. 104502W, pursuant to Section 139 of the Companies Act, 2013 the Companies (Audit and Auditors) Rules 2014 and such other applicable provisions if any of the Act or Rules framed there under from the conclusion of this meeting until the conclusion of 39th Annual General Meeting of the Company subject to the ratification of the appointment by the members at every annual general meeting of the company at such remuneration as may be decided by the Board.”

4. **APPROVAL OF RELATED PARTY TRANSACTION UNDER SECTION 188 OF THE COMPANIES ACT, 2013.**
To consider and if thought fit approve with or without modification(s) the following resolution as a special Resolution:

“RESOLVED THAT with pursuant to provision of Section 188 and other applicable provisions, if any of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its powers) Rules, 2014 and in terms of applicable provisions of Listing Agreement executed with Stock Exchanges



(including any amendment, modification or re-enactment thereof), consent of the Company be and is hereby accorded for entering into Related Party Transactions in routine course of business and under arm's length basis with effect from 1st April, 2016 and every year thereafter, up to the maximum per annum amounts to Rupees One Crore.

RESOLVED FURTHER THAT same shall be subject to ratification in next Annual General Meeting or in the event of any substantial change in above resolution passed.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved ratified and confirmed in all respects.

5. **APPROVAL TO REMUNERATION OF COST AUDITOR**

Approval to remuneration of Cost Auditor and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolutions as a special resolution:

“RESOLVED THAT in accordance with the provisions of Section 148 (3) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), payment of Remuneration of Rs. 50000/- (Rupees Fifty Thousand) including reimbursement of out of pocket expenses incurred for the purpose of Audit) to Mr. Naresh Jethwani, Cost Auditor (Membership No.18869) for conducting the Audit of Cost Records relating to the Chemical Products as manufactured by the Company for the period from 1st April, 2016 to 31st March, 2017 be and is hereby approved and ratified.

For and on behalf of the Board of Directors
Sd/-
Kamalkumar Dujodwala
Chairman

Place : Mumbai
Date : 3rd Sept, 2016

Corporate Identification Number
L24110MH1981PLC024742

NOTES :

1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING OF THE COMPANY MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF / HERSELF. A proxy need not be a member of the Company. The instrument appointing the Proxy should be deposited at the registered office of the Company not less than 48 hours before commencement of the AGM. Proxies submitted on behalf of the companies etc must be supported by an appropriate resolution / authority as applicable. Pursuant to the provision of the Section 105 of the Companies Act, 2013 a person shall not act a proxy for more than 50 (fifty) members and holding in aggregate not more than 10% (ten percent) of the total share capital of the Company. However, a single person may act as a proxy for a member holding more than 10% (ten percent) of the total share capital of the Company. However, a single person may act as a proxy for a member holding more than 10% (ten percent) of the total share capital of the company provided that such person shall not act as a proxy for any other person.
2. Shareholders are requested to bring their copy of Annual Report to the meeting.
3. Members / proxies should fill the Attendance slip for attending the meeting .
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
6. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at registered office of the Company on all working days, except Saturdays and Sundays up to the date of Annual General Meeting.
7. The Register of Members and Share Transfer Books of the Company will be closed from 24.09.2016 to 30.09.2016 (both inclusive).
8. The members are requested to:
 - a. Intimate to the Company's Registrar and Share Transfer Agents M/s. Universal Securities (India) Private Limited (for shares hold in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / detail etc. at an early date.
 - b. Quote ledger folio numbers / DP identity and Client Identity numbers in all their correspondences;
 - c. Approach the Company for consolidation of folios, if shareholdings are under multiple folios
 - d. Get the shares transferred in joint names, if they are held in single name to avoid inconvenience.
 - e. Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting.
 - f. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.

9. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. Consequent upon the introduction of Section 72 of the Companies Act, 2013 and Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH 13 (which will be made available on request) to the Registrar and Transfer Agents, M/s. Universal Securities (India) Private Limited.
11. The Equity Shares of the Company are listed on the BSE. The Listing fee has been paid up to date.
12. Members who have not registered their e-mail addresses so far are required to register their e-mail address for receiving all communications including Annual Report, notices etc from the Company electronically.
13. Information for Shareholders relating to E-voting are as under:
 - (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means.
 - (ii) The members who have cast their vote by e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
 - (iii) The Company has engaged the services of Central Depository Services Limited (CDSL) as the Agency to provide e-voting facility.
 - (iv) The Board of Directors of the Company has appointed Mr. Yogesh Sharma, Practicing Company Secretary Mumbai as Scrutinizer to scrutinize the e-voting process in a fair and transparent matter and he has communicated his willingness to be appointed and will be available for same purpose.
14. The instructions for shareholders voting electronically i.e. E-Voting are as under:
 - (i) The voting period begins on 27.09.2016 (ISD 9 a.m.) and ends on 29.09.2016 (ISD 5.00 P.M.) During this period shareholders' of the Company, holding shares either in physical form or in dematerialized as on the cut-off date (record date) of 23rd September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on Shareholders.
 - (v) 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.
 - (vi) Next enter the Image Verification as displayed and Click on Login.

(vii) 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.

(viii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|--|---|
| 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"> 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 which is mentioned in address label as sr no affixed on Annual Report, in the PAN field. 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. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both 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). |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can be download the updated version of app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) 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 Corporate.
 - 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 linked in the login should be emailed 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.
- (xxi) 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.

ANNEXURE TO NOTICE

Explanatory Statement as required by Section 102 of the Companies Act, 2013

In conformity with the provisions of section 102 of the Companies, 2013, the following Explanatory statement sets out all material facts in respect of item numbers 3 to 5 :

Item NO. 3

M/s. R. Kabra & Co, Chartered Accountants (ICAI registration No. 104502W) Mumbai, have tendered their resignation from the position of Statutory Auditors due to unavoidable circumstances resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013 ("Act"). Casual Vacancy caused by the resignation of Auditors can only be filled up by the Company in General Meeting. Board proposes M/s. NGST & ASSOCIATES (Chartered Accountants) ICAI firm Registration No. 135159W, be appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the Accountants, have conveyed their consent to be appointed as Statutory Auditors of the Company along with a confirmation that their appointment if made by the members, would be within the limits prescribed under the Companies Act, 2013. Accordingly special resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the

said resolution. The relevant documents are available for inspection by the members during working hours at the registered office of the Company.

In respect of Item No. 4

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain transactions for approval of related party transactions. The revised Clause 49 of the Listing Agreement which has come into operation with effect from October 1, 2014 has also prescribed seeking of shareholders' approval for material related party transactions. The proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis. Hence consent of the Company be and is hereby accorded for entering into the following proposed Related Party Transactions with effect from 1 April, 2016 till March, 2017 and every year thereafter, up to the maximum per annum amounts of Rupees One Crores. Accordingly, the Board recommends the resolution set forth in Item No. 4 for the approval of the Members as Special Resolution.

In respect of item no. 5

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 audit of Chemicals manufactured by the Company.

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of Mr. Naresh Jethwani, as Cost Auditor for Cost Audit of Chemicals for the year 1st April, 2016 to 31st March, 2017 on a remuneration of Rs. 50000/- (Rupees Fifty Thousand only) inclusive of reimbursement of out of pocket subject to approval of remuneration by the members.

Section 148(3) read with Rule 14 of the Companies (Cost Records and Audit) 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 at item number 5 of the notice.

None of the Directors, key managerial personnel and /or their relatives is concerned or interested in the Resolution

Details of Directors retiring by rotation :

| | |
|---|----------------------|
| Name of the Director | Kamalkumar Dujodwala |
| Date of Appointment | 03.07.1981 |
| Date of Birth | 01.04.1951 |
| Expertise in specific functional areas | Chemicals |
| Qualifications | B. Sc. Graduate |
| Directorship held in other public companies (excluding foreign companies) | 6 |
| Membership/Chairmanship of Committees of other public companies (includes only Audit Committees and Shareholders'/Investors' Grievance Committee) | 1 |
| Shareholdings in the Company | Nil |



DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting their 34th Annual Report, together with the Audited Statement of Accounts for the financial year ended 31st March, 2016.

FINANCIAL RESULT : The summarized financial results of the company for the year ended 31st March, 2016 are presented below :

| | 2015-2016 Rupees in Lacs | 2014-2015 Rupees in Lacs |
|---|-----------------------------|-----------------------------|
| Gross Sales including other Income | 21981.62 | 26650.73 |
| Add: Excise Duty Refund | 0.00 | 0.00 |
| Gross Profit before interest, Depreciation and Taxation | 443.63 | 1882.69 |
| Interest | 644.42 | 581.12 |
| Depreciation | 530.10 | 616.99 |
| Provision for Taxation | 0.00 | 230.00 |
| Less: MAT Credit | 0.00 | 0.00 |
| Provision for deferred taxation | -303.22 | 34.47 |
| Tax Adjustment of earlier year | 0.00 | 0.00 |
| Net Profit for the year | -1034.11 | 420.12 |
| Surplus brought forward from previous year | 3310.31 | 3167.40 |
| Balance Available for Appropriation | 2276.20 | 3310.31 |
| Appropriations | | |
| a) General Reserve | - | - |
| b) Dividend | - | - |
| c) Dividend Tax | - | - |
| Balance carried forward to Balance Sheet | 2276.20 | 3310.31 |

DIVIDEND:

With a view to conserve the resources in long run, your Directors have not recommended any dividend for the year ended 31st March, 2016.

TRANSFER TO RESERVE:

Your Company proposes to transfer Rs. NIL to General Reserves out of the amount available for appropriations during the financial year 2015-2016 (as compared to Rs. Nil in the previous financial year).

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

The Company is engaged in the manufacturing and selling activities of Camphor, Sodium Acetate and by products, Terpene Chemicals and Synthetics Resins at its Units located at Kumbhivali Village, Taluka Khalapur, Khopoli, District Raigad, Maharashtra.

MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors.



During the year Four meetings were convened and held, the details of which are given in the Corporate Governance Report.

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee approved a policy for selection, appointment and remuneration of Directors and Senior Management.

AUDIT COMMITTEE

Audit Committee of the Board has been constituted in terms of Section Listing Regulations and Section 177 of the Companies Act, 2013 constitution and other details of the Audit Committee are given Corporate Governance Report.

BOARD EVALUATION

The Board has carried out the annual evaluation of its own performance and of each of the directors individually, including the independent directors, as well the working of its committees.

DETAILS OF THE SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

SECRETARIAL AUDIT

Pursuant to the Provisions of Section 204 of the Companies Act, 2013, Yogesh Sharma the Practicing Company Secretary (CP No. 12366) have been appointed to undertake the secretarial audit of the company for the year ended 31.03.2016. The secretarial audit report forms part of this Annexure C.

The said report does not contain any qualification, adverse marks or disclaimer.

COST AUDITOR

Pursuant to Section 148 and applicable provisions of the Companies Act, 2013 and the Companies (Cost Records and Audit Rules 2014, the Company is required to appoint cost auditor for audit of cost records maintained by the Company in respect of the year ending March, 2017. Your Directors have on the recommendation of the Audit Committee appointed Mr. Naresh Jethwani, as the Cost Auditor to audit the cost records for the financial year ending March, 2017. Remuneration payable to the Cost Auditor is subject to the approval by members of the Company. Accordingly resolution seeking member's approval for the remuneration payable to Mr. Naresh Jethwani is included in the Notice convening the Annual General Meeting along with the relevant details including the proposed remuneration.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

There is no change in the Board of Directors of the Company during the year 2015-2016. At present there are six directors on the Board, i.e. Mr. Kamalkumar Dujodwala, Mr. Pannkaj Dujodwala (Managing Director) and four independent Directors i.e. Mr. Rajkumar Saraf, Mr. Rajkumar Jatia, Mr. Sharad Saraf and Mrs. Anita Shriya, the details of which are given in the Corporate Governance Report.

The Independent Director are not liable to retire by rotation and the Managing Director is appointed for a period



of 5 years in last AGM. Hence the Company has only One Director on the board to be retired by rotation. In accordance with provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Kamalkumar Dujodwala retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment as Director.

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of section 134(3) (c) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them in the normal course of their work state that in all material respects;

- a) In the preparation of the annual financial statements for the year ended March, 2016, the applicable accounting standards have been followed.
- b) Appropriate accounting policies have been selected, applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit of the company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The annual financial statements have been prepared on a going concern basis.
- e) Proper internal financial controls were in place and the financial controls were adequate and operating effectively; and
- f) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

PUBLIC DEPOSITS

During the year the company has accepted deposits from the Shareholders and others and that the Company has complied with the provisions of Section 73 of the Companies Act, 2013 and the rules made there under.

STATUTORY AUDITORS

M/s. R. Kabra & Co, Chartered Accountants (Registration No. 104502W) resigned as statutory auditors of the Company and M/s. NGST & ASSOCIATES (Chartered Accountants) ICAI firm Registration No. 135159W, shall be appointed as the statutory auditors of the Company till the conclusion of 39th Annual General Meeting of the Company subject to the approval of the members at every AGM. Your Directors recommend their appointment as statutory auditors at the ensuing Annual General Meeting.

The observation and comments given in the Auditors report read together with the notes to the accounts are self explanatory and hence do not call for any further information and explanation under Section 134 (3) of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT BY THE COMPANY

The Company has not given any loans or guarantees or investments covered under the Provisions of Section 186 of the Companies Act, 2013.



RELATED PARTY TRANSACTION :

All related party transactions that were entered into during the financial year were at 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 the promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large.

All related party transactions are placed before the Audit Committee for approval. Prior Omnibus approval of the Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature.

Details of the related party transaction during the year as required under Listing Regulations and Accounting Standards are given in Note 31 in the financial statement.

ESTABLISHMENT OF VIGIL MECHANISM

The Company has in place a vigil mechanism pursuant to which a Whistle Bowler Policy has been in force. The Policy was approved on 06.01.2015. This policy inter alia provides a direct access to Whistle Bowler to the Chairman of the Audit Committee on his dedicated email-id info@mangalamorganics.com. The Whistle Bowler Policy covering all employees and directors is hosted on the Company's website at www.mangalamorganics.com.

THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for internal financial controls ("IFC") within the meaning of the explanation to Section 134(5) (e) of the Companies Act, 2013.

For the year ended 31st March, 2016 the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations, wherein controls are in place and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the exiting controls and identify gaps, if any and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operation.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (Permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints, received regarding sexual harassment.

- No of complaints received : Nil
- No of complaints disposed off : Nil

EXTRACT OF THE ANNUAL RETURN

In accordance with Section 134(3) (a) and Section 92 of the Act, an extract of the Annual Return as of 31st March, 2016 in form MGT-9 forms part of this Report as Annexure 2



FAMILARIZATION PROGRAMME

The Company's policy on programmes and measures to familiarize Independent Directors about the Company, its business, updates and development includes various measures viz., issue of appointment letters containing terms, duties etc. management information reports, presentation and other programmes as may be appropriate from time to time. The Policy and programme aims to provide insights into the Company to enable Independent Directors to understand the business, functionalities, business model and others matters. The said policy and details in this respect is displayed on the Company's website.

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

As required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the particulars relating to conservation of Energy, technology absorption and foreign exchange earnings and outgo are given in Annexure-1 hereto and forms part of this report.

EMPLOYEES

The relation between the Company and its employees continue to be cordial. There were no employees during the year drawing remuneration more than prescribed ceiling under section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

CORPORATE GOVERNANCE REPORT

A report on the Corporate Governance along with the certificate from the statutory auditors is separately given in the annual report.

ACKNOWLEDGMENT

The Board of Directors express their appreciation for the sincere co-operation and assistance of Government Authorities, Bankers, Customers, suppliers, Business Associates and the efforts put in by all the employees of the Company. The Board of Directors expresses their gratitude to all our valued shareholders for their confidence and continued support to the Company.

For and on behalf of the Board of Directors

Sd-

Kamalkumar Dujodwala
Chairman

Place: Mumbai

Date: 3rd September, 2016.

ANNEXURE - 1 TO THE DIRECTOR'S REPORT

Form 'A'

Power and Fuel Consumption:

| | Particulars | 2015-16 | 2014-15 |
|----|--------------------------------|----------|----------|
| 1. | Electricity Purchased | | |
| | Units (Kwh/Lakh) | 56.87 | 53.45 |
| | Total Amounts (Rs./Lakh) | 421.30 | 367.47 |
| | Rate /Unit (Rs.) | 7.41 | 6.88 |
| 2. | Furnace Oil / Light Diesel Oil | | |
| | Quantity (Ltrs/Lakh) | 1.50 | 1.57 |
| | Total Cost (Rs./Lakh) | 65.36 | 84.86 |
| | Average Rate (Rs./Lakh) | 43.48 | 54.05 |
| 3. | Coal | | |
| | Quantity (Kgs.) | 12109728 | 13071685 |
| | Total Cost (Rs./Lakh) | 565.34 | 932.67 |
| | Average Rate (Rs. / Kg.) | 4.67 | 7.14 |

Form 'B'

Form for disclosure of particulars with respect to:

1) Areas in which Research & Development is being carried out:

The Research & Development has been strengthening Company's business by giving new parameters by optimizing the existing processes and bettering the pollution control methods. Brief details are given below:-

- a) Strong Research & Development has enabled development of various products for quality like Camphor, Sodium Acetate, Trihydrate, Synthetic Resins and Terpene Chemicals.
- b) Pollution control has been a top most importance and efforts directed towards reduction at source and in recovery of by-products and usage.

2) Benefits derived as a result of above Research and Development:

- a) Increase in product range, augmenting extent potential and marketing
- b) Product consistency for remaining universally competitive.
- c) Improvements in process control, conservation of energy resulting in cost reduction.

3) Future plan of action.

Technology Absorption:

- 1) Efforts made:-
 - a) Improvement in technical services to meet customers' requirements.
 - b) Interaction with various laboratories and consultants for improvising process and pollution control.
- 2) Benefits derived as a result of above efforts:
 - a) Better customer satisfaction.
 - b) Cost effectiveness and increase in marketability.

The Company's manufacturing process for its products are based on in-house technology which has been successfully absorbed. The Company has been constantly making efforts for improvement of quality and for marketing new ranges of products.

ANNEXURE-2 TO THE DIRECTORS REPORT

FORM MGT-9 – EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31.03.2016

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

I. Registration and other details :

| | |
|--|--|
| CIN | L24110MH1981PLC024742 |
| Registration Date | 03.07.1981 |
| Name of the Company | MANGALAM ORGANICS LIMITED |
| Category / sub-category of the Company | Company having Share Capital |
| Address of the registered office and contact details | Kumbhivali Village, Savroli Kharpada Road, Taluka Khalapur, Khopoli – 410 202 |
| Whether Listed company | Yes |
| Name, address and contact details of the Registrar and Transfer Agent, if any. | Universal Capital Securities Pvt Ltd. 21, Shakil Niwas, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (East), Mumbai - 93. |

II. Principal Business Activities of the Company (all the business activities contributing 10% or more of the total turnover of the company shall be stated)

| Sr. No. | Name and description of main products / services | NIC code of the product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1. | Manufacturers of Camphor & Allied Products, Synthetic Resins & P.F. Resins | - | 100% |

III. Particulars of Holding, subsidiary and Associate companies

| Sr. No. | Name and address of the Company | CIN/GLN | Holding, Subsidiary and Associate Companies | % of Shares held | Applicable Section |
|---------|---------------------------------|---------|---|------------------|--------------------|
| | N.A. | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup As Percentage Of Total Equity)

I. Category-wise Share Holding



| Category of Shareholders | No. of Shares held at the beginning of the year (as on 01.04.2015) | | | | No. of Shares held at the end of the year (as on 31.03.2016) | | | | % change during the year |
|--|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 2243362 | -- | 2243362 | 24.78 | 2243362 | -- | 2243362 | 24.78 | -- |
| b) Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| c) State Govt(s) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) Bodies Corporate | 2001849 | -- | 2001849 | 22.11 | 2001849 | -- | 2001849 | 22.11 | -- |
| e) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| f) Any other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total Shareholding of Promoter (A) | 4245211 | -- | 4245211 | 46.89 | 4245211 | -- | 4245211 | 46.89 | -- |
| B) Public Shareholding | | | | | | | | | |
| (2) Foreign | | | | | | | | | |
| 1) Institution | | | | | | | | | |
| a) Mutual Fund | -- | 1900 | 1900 | 0.02 | 1900 | -- | 1900 | 0.02 | -- |
| b) Banks / FI | -- | 600 | 600 | 0.01 | 600 | -- | 600 | 0.01 | -- |
| c) Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) State Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| e) Venture Capital Fund | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| f) Insurance Companies | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| g) FIIS | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| h) Venture Capital Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| i) Others (specify) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sub-total (B) (1) | -- | 2500 | 2500 | 0.03 | 2500 | -- | 2500 | 0.03 | -- |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies Corporate | 698153 | 6200 | 704353 | 7.78 | 617302 | 6200 | 623502 | 6.89 | -0.89 |
| b) Individuals | | | | | | | | | |
| i. Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1657975 | 789950 | 2447925 | 27.04 | 1792753 | 782550 | 2575303 | 28.45 | 1.41 |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 1354695 | -- | 1354695 | 14.96 | 1299222 | 0 | 1299222 | 14.35 | -0.61 |
| Others (specify) | | | | | | | | | |
| i. Qualified foreign Investors | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| ii. Clearing Members | 39192 | -- | 39192 | 0.43 | 45073 | -- | 45073 | 0.50 | 0.06 |
| iii. Trust | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -- |
| iv. NRI / OCB | 61304 | 197500 | 258804 | 2.86 | 65869 | 196000 | 261869 | 2.89 | 0.03 |
| (c) Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | | | |
| i. Promoters | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| ii. Public | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Grand Total (A+ B+C) | 8056530 | 996150 | 9052680 | 100 | 8065430 | 987250 | 9052680 | 100 | 0 |

ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (as on 01.04.2015) | | | Shareholding at the end of the year (as on 31.03.2016) | | | % of change during the year |
|---------|-------------------------------|--|----------------------------|--|--|----------------------------|--|-----------------------------|
| | | No. of shares | % of shares of the Company | % of shares pledged / encumbered to total shares | No. of shares | % of shares of the Company | % of shares pledged / encumbered to total shares | |
| 1. | AKSHAY DUJODWALA | 351374 | 3.88 | -- | 351374 | 3.88 | -- | -- |
| 2. | ALKA DUJODWALA | 578790 | 6.39 | -- | 578790 | 6.39 | -- | -- |
| 3. | DUJODWALA EXPORT PVT LTD | 172432 | 1.90 | -- | 172432 | 1.90 | -- | -- |
| 4. | INDO EURO SECURITIES LTD | 1829417 | 20.21 | -- | 1829417 | 20.21 | -- | -- |
| 5. | MANISHA DUJODWALA | 853250 | 9.43 | -- | 853250 | 9.43 | -- | -- |
| 6. | PANKAJ RAMGOPAL DUJODWALA HUF | 172432 | 1.90 | -- | 172432 | 1.90 | -- | -- |
| 7. | RAMGOPAL KAMALKUMAR HUF | 156216 | 1.73 | -- | 156216 | 1.73 | -- | -- |
| 8. | VASUDHA DUJODWALA | 131300 | 1.45 | -- | 131300 | 1.45 | -- | -- |
| | Total | 4245211 | 46.89 | -- | 4245211 | 46.89 | -- | -- |

iii) Change in Promoter's shareholding

There is no change in the total shareholding of promoters between 01/04/2015 and 31/03/2016.

iv.) Shareholding pattern of top Five shareholders (other than Director and Promotes)

| Sr. No. | For Each of the Top 5 Shareholders | Shareholding at the beginning of the year (as on 01.04.2015) | | Shareholding at the end of the year (as on 31.03.2016) | |
|---------|------------------------------------|--|----------------------------|--|----------------------------|
| | | No. of shares | % of shares of the Company | No. of shares | % of shares of the Company |
| 1. | SANGEETHA S | 136330 | 1.51 | 136330 | 1.51 |
| 2. | VIJAY RANI SARAF | 420900 | 4.65 | 420900 | 4.65 |
| 3. | J B C INTERNATIONAL PVT LTD | 414500 | 4.58 | 414500 | 4.58 |
| 4. | JAGDISH AMRITLAL SHAH | 95745 | 1.06 | 96833 | 1.07 |

v) Indebtedness

The Company has availed the loan from Saraswat Co-operative Bank

VI) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Directors, Whole Time Directors and / or Manager

| Sr. No. | Particulars of Remuneration | Mr. Kamalkumar Dujodwala | Mr. Pannkaj Dujodwala |
|---------|---|--------------------------|-----------------------|
| 1 | Gross Salary | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 12,00,000 | 12,00,000 |
| | (b) Value of perquisites u/s 17 (2) of the Income Tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under Section 17 (3) Income Tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission | | |
| | - As % of profit | - | - |
| | - Others, specify | - | - |
| 5. | Others please specify | - | - |
| | Total (a) | 12,00,000 | 12,00,000 |
| | Ceiling as per Schedule V o the Companies Act, 2013 | - | - |

B. Remuneration to other Directors

| Sr. No. | Particulars of Remuneration | Names of Director | | | | Total Amount |
|---------|--|--------------------|--------------------|------------------|-------------------|--------------|
| | | Mr. Rajkumar Saraf | Mr. Rajkumar Jatia | Mr. Sharad Saraf | Mrs. Anita Shriya | |
| 1. | Fees for attending Board / Committee Meeting | 4000 | 3000 | 4000 | 4000 | 15000 |
| 2. | Commission | - | - | - | - | - |
| 3. | Others, please spcify | - | - | - | - | - |
| | Total | 4000 | 3000 | 4000 | 4000 | 15000 |

VII) Penalties /Punishment /compounding of offences

| Type | Section of the Companies Act | Brief Description | Details of Penalties / Punishment / Compounding fees imposed | Authority (RD/NCL/Court) | Appeal made, if any (give detail) |
|----------------------------------|------------------------------|-------------------|--|--------------------------|-----------------------------------|
| Company | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board
Mangalam Organics Limited
Sd/-
Kamalkumar Dujodwala
Chairman



ANNEXURE - 3

Form No. MR-3

SECRETARIAL AUDIT

REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

To,
The Members,
MANGALAM ORGANICS LIMITED,
Kumbhivali Village, Savroli Kharpada Road,
Taluka Khalapur,
Khopoli 410202, Dist. Raigad.

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

Based on my verification of the 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 ('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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (up to 14th May 2015);

- ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15th May 2015)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable during Audit period)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable during Audit period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable during Audit period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable during Audit period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable during Audit period)**
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f. 1st December, 2015)
- (vi) On examination of the relevant documents and records on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
- ☐ Water (Prevention and Control of Pollution) Act, 1974
 - ☐ Air (Prevention and Control of Pollution) Act, 1981
 - ☐ Environmental (Protection) Act, 1986

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (w.e.f. 1st July, 2015).
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges (BSE) & (NSE);

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

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes 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.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the



minutes of the meetings of the Board of Directors or committee of the Board as the case may be.

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

I further report that during the audit period the Company has passed Resolution u/s 180(1)(c) of the Act. I further report that the company has created charge on 01/04/2015 but has not filed relevant form.

I further report that during the audit period fire has taken place in Company's Resin Plant located at Kumbhivali Village, Savroli Kharpada Road, Taluka Khalapur, Khopoli - 410 202, Dist: Raigad, Maharashtra. The said fire has taken place due to short circuit.

Sd-
YOGESH M SHARMA
ACS: 33235, C P No. 12366

Place : Mumbai
Dated : 25th June, 2016.

APPENDIX A

To,
The Members
MANGALAM ORGANICS LIMITED

Our report of even date is to be read along with this letter.

1. 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.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was one on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the company.
4. Whenever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happenings of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on the test basis.
6. 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.

sd/
YOGESH M. SHARMA
ACS: 33235 C.P. No. 12366

Place : Mumbai
Date : 25th June, 2016

CORPORATE GOVERNANCE REPORT

MANGALAM'S PHILOSOPHY ON CORPORATE GOVERNANCE :

A good Corporate Governance process provides transparency of corporate policies and the decision making process and also strengthens internal systems and helps in building relationship with all stakeholders. Corporate Governance pertains to system, by which companies are directed and controlled, keeping in mind long term interest of stakeholder. It refers to blend of law, regulations and voluntary practices which enable the Company to attract financial and human capital, perform efficiently and thereby perpetuate it into generating long term economic value for its shareholders, while respecting and balancing the interests of other stakeholders and the Society at large.

CORPORATE ETHICS :

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings.

CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT :

The code of Conduct Highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association. The Code is applicable to all directors and senior management executives. The code impresses upon Directors and Senior Management to uphold the interest of the Company and its stakeholders and to endeavor to fulfill at the fiduciary obligations towards them. The code is available on the Company's website.

Company has received a declaration of compliance with the Code of Conduct from Directors and Senior Management Personnel. The declaration by the Managing Director affirming compliance of the Board of Directors and Senior Management Personnel to the Code of Conduct is appended to this Report.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a "Code of Conduct to regulate, monitor and report Trading by Insiders' (the Code) pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code is applicable to all Directors and such Designated Persons as defined in this Report.

The detailed report on Corporate Governance for the year ended on 31st March, 2016 under applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (the Listing Regulation or Listing Requirements) is set out below:

BOARD OF DIRECTORS :

- 1.1. **Directors Profile:** The Board Of Directors of the Company bring with them wide range of skills and experience to the Board which enhance the quality of the Board's decision making process. Profile of the Directors are posed on the website of the Company.
- 1.2 **Board Procedure:** With a view to follow transparency the Board follows procedure of advance planning for the matters requiring discussion / decision by the Board. The Board is given presentation covering finance, sales, major business segments and operation of the Company and other matters as members want. Agenda Papers for the Board and Committee Meetings are finalized in consultation with the concerned persons. The minutes of proceedings of each board meetings are maintained in terms of statutory provisions. Meetings of various Committee meetings are held properly. The Agenda and notes to Agenda for the meetings of the Board and Committees, together with relevant details, resolutions and documents are circulated in advance of the meeting. The Company follows practice to schedule dates of meetings for coming year or as possible. Meetings are largely held in attendance of Chief Operating Officer, CFO and

Company Secretary and other activities are also invited wherever necessary for discussion or inputs.

1.3 Composition of the Board, Category, Directorship etc.

The Board of the Company consists of 6 Directors as on 31st March, 2016 of which 4 are independent Directors and 1 is Managing Director and 1 is Chairman. Independent Directors are professional with specialization in their respective fields having varied skills and expertise and not related to promoters of the Company. The Company is in compliance of the Listing Regulations and the Companies Act, 2013. The Composition of the Board and other details as on 31st March, 2016 are as below:

| Name of the Director | Category of Director | No of other Directorship held at other Companies | Committee / Membership/ Chairmanship of Board Committees in other Companies |
|--------------------------|-----------------------------|--|---|
| Mr. Kamalkumar Dujodwala | Chairman-Executive Director | 11 | 1 |
| Mr. Pannkaj Dujodwala | Managing Director | 4 | -- |
| Mr. Sharad Saraf | Independent Director | 14 | -- |
| Mr. Rajkumar Saraf | Independent Director | 11 | 7 |
| Mr. Rajkumar Jatia | Independent Director | 4 | -- |
| Mrs. Anita Shriya | Independent Director | 3 | -- |

(1) Including private Companies

(2) Represents Chairmanship / Membership of Audit Committee and Stakeholders Relationship Committees of other listed Companies

Mr. Kamalkumar Dujodwala and Mr. Pannkaj Dujodwala are related to each other. None of the other Directors are related to any other Directors on the Board. Mr. Rajkumar Saraf holds 2500 and Kamalkumar R. Dujodwala holds 1000 equity shares of the Company. Other Directors are not holding any shares in the Company.

1.4 Board Meetings and Attendance

During the year under review, Board of Directors of the Company met four times i.e. on 30th May, 2015, 14th August, 2015, 14th November, 2015 and 3rd February, 2016. The Agenda papers along with notes and other supporting were circulated in advance of the Board Meeting with sufficient information.

Directors' attendance in Board Meetings held during the financial year and last Annual General Meeting are as under:

| Name of the Director | No of Board Meetings held/ attended | Attendance at last AGM |
|--------------------------|-------------------------------------|------------------------|
| Mr. Kamalkumar Dujodwala | 4 | Yes |
| Mr. Pannkaj Dujodwala | 4 | Yes |
| Mr. Sharad Saraf | 4 | -- |
| Mr. Rajkumar Saraf | 4 | -- |
| Mr. Rajkumar Jatia | 3 | -- |
| Mrs. Anita Shriya | 4 | -- |

Familiarization programmes for independent Directors :

The Company's policy on Programmes and measures to familiarize Independent Directors about the Company, its business, updates and development includes various measures viz issue of appointment letters containing terms,

duties etc., management information reports, presentation and other programmes as may be appropriate from time to time. The policy and programme aims to provide insights into the Company to enable independent directors to understand the business, functionalities, business model and other matters. The said policy and details in this respect is displayed on the Company's website.

2. Performance Evaluation :

During the year, the Board conducted a formal annual evaluation mechanism for evaluating its performance as well as that of its Committees and individual directors, including the Chairman of the Board. The criteria to evaluate the performance of the Board, Committees, independent Directors and non Independent Directors were a) Board Composition, size, mix of skill, experience and role b) attendance and deliberation in the meetings c) contributions / suggestions for effective functioning, development of strategy, board process, policies and others. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

3. Policy on Appointment of Director, Qualification and Attributes

The Company's policy on appointment of Directors provides inter alia for criteria of qualification, experience and skills in relation to appointment for the position of Director

4. Audit Committee

Audit Committee of the Board has been constituted in terms of Listing Regulations and Section 177 of the Companies Act, 2013.

The Audit Committee comprises of 3 members. All members of the Audit Committee are independent directors. The Committee met four times during the year on 30th May, 2015, 14th August, 2015, 14th November, 2015 and 3rd February, 2016.

The Composition of the Audit Committee and attendance are as follows:

| Name of the Director | Category | No of Meetings | |
|--------------------------|----------------------|----------------|----------|
| | | Held | Attended |
| Mr. Sharad Saraf | Independent Director | 4 | 4 |
| Mr. Rajkumar Saraf | Independent Director | 4 | 4 |
| Mr. Kamalkumar Dujodwala | Executive Director | 4 | 4 |

Terms of reference and role of the Audit Committee includes the matters specified under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Broad terms of reference includes: Oversight of financial reporting process, review of financial results and related information, approval of related party transactions, review internal financial controls and risk management, evaluate performance of statutory and internal auditors, audit process, relevant compliances, appointment and payments to statutory auditors.

5. Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Board has been constituted in terms of the Listing Regulations and Section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee comprises of three members. All the members of the Nomination and Remuneration Committee are Independent Directors. During the year under review the Committee met one time on 03.02.2016. The Company Secretary acts as the Secretary to the Committee.



The Composition of the Nomination and Remuneration Committee and the attendance are as below:

| Name of the Director | Category of the Director | No of Meetings | |
|--------------------------|--------------------------|----------------|----------|
| | | Held | Attended |
| Mr. Kamalkumar Dujodwala | Executive Director | 1 | 1 |
| Mr. Sharad Saraf | Independent Director | 1 | 1 |
| Mr. Rajkumar Saraf | Independent Director | 1 | 1 |

Terms of reference of the Nomination and Remuneration Committee includes the matters specified under the Companies Act, 2013 and the Listing Regulations. Broad terms of reference includes Formulation of Remuneration policy, setting of the criteria for determining qualifications, positive attributes and independence of director, formulation of criteria for evaluation of independent director and the Board and criteria for appointment of Directors and Senior Management.

5.1 Remuneration of Directors:

| Name of the Director | Category of the Director | Annual Remuneration | Sitting fees | Total |
|--------------------------|--------------------------|---------------------|--------------|---------|
| Mr. Kamalkumar Dujodwala | Chairman – Executive | 1200000 | -- | 1200000 |
| Mr. Pannkaj Dujodwala | Managing Director | 1200000 | -- | 1200000 |
| Mr. Sharad Saraf | Independent Director | -- | 4000 | 4000 |
| Mr. Rajkumar Saraf | Independent Director | -- | 4000 | 4000 |
| Mr. Rajkumar Jatia | Independent Director | -- | 3000 | 3000 |
| Mrs. Anita Shriya | Independent Director | -- | 4000 | 4000 |

5.2 Remuneration Policy

The Board, on the recommendation of Nomination and Remuneration Committee approves Remuneration policy for Directors, KMP and Senior Management Personnel's.

The policy describes various aspects and guiding factors while determining the remuneration to Directors, KMP and Senior Management personnel of the Company with intent to maintain level and composition of remuneration reasonable and sufficient to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and also create competitive advantage.

5.3 Criteria for payment to Non-executive / Independent Directors

Independent Directors are paid sitting fees of Rs. 1000/- for each Board Meeting by way of reimbursement of expenses incurred by them for attending the meeting.

6. Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of three members. The Chairperson of the Committee is an Independent Director. During the year under review the Stakeholders Relationship Committee met 12 times at the end of every month.

The Composition of the above committee and the attendance are as under:

| Name of the Director | Category of the Director | No of Meetings | |
|--------------------------|--------------------------|----------------|----------|
| | | Held | Attended |
| Mr. Kamalkumar Dujodwala | Executive Director | 12 | 12 |
| Mr. Sharad Saraf | Independent Director | 12 | 12 |
| Mr. Rajkumar Saraf | Independent Director | 12 | 12 |

No investor complaints were pending as on 31.03.2016.

Terms of reference and role of the Stakeholders Relationship Committee includes the matters specified under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Broad terms of reference includes: to consider and resolve the grievances of shareholders and investors' complaints such as those relating to transfer of shares, non receipt of annual reports etc.

Mr. Ankur Gala (Company Secretary) has been appointed as the Compliance Officer pursuant to the Listing Regulations. The designated email for investor service and correspondence is info@mangalamorganics.com

7. General Body Meetings

Details of last three Annual General Meetings (AGM) are given here below:

| Year | Date | Time | Venue |
|-----------|------------|------------|---|
| 2012-2013 | 19.09.2013 | 11.00 a.m. | Kumbhivali Village Savroli, Kharpada Road, Taluka-Khalapur Khopoli-410 202. District Raigad, Maharashtra. |
| 2013-2014 | 19.09.2014 | 11.00 a.m. | |
| 2014-2015 | 24.09.2015 | 11.00 a.m. | |

The following are the special resolutions to be passed at the last three AGM:

| Date of AGM | Summary of special resolution passed |
|-------------|--|
| 30.09.2016 | 1. Appointment of Auditor 2. Approval of Related party transaction 3. Approval cost auditor's remuneration |

Disclosures :

- During the year there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large. Related Party transaction have been disclosed in the notes to financial statements and in Boards' Report. Policy on dealing with related party transactions is posted in section "investor >Corporate Governance' on the Company's website or link www.mangalamorganics.com
- The Company has complied with all applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and other SEBI Regulations wherever applicable. No penalties have been imposed or stricture issued by SEBI, Stock Exchanges or any statutory authorities on matter relating to capital markets during the last three years.
- The Company has whistle blower policy for establishing a vigil mechanism to report genuine concerns regarding unethical behavior and mismanagement, if any. No employee of the Company was denied access to the Audit Committee. Details relating to vigil mechanism are also mentioned in the Board's Report.
- The Company has complied with the mandatory requirements of the Corporate Governance of the Listing Regulations and also followed non-mandatory requirements relating to separate post of Chairman and CEO or Managing Director, sending of quarterly financial results to shareholders through emails and financial statements with unmodified audit opinion / without qualification.
- There were no pecuniary relationships or transactions of non executive Directors viz a viz the Company during the year under review, except payment of sitting fees and remuneration.

- f) Disclosure of commodity price risks and commodity hedging activities. The Company has price review mechanism to protect against material movement in price of raw materials.

8. Means of Communication

- Newspapers : The quarterly, half yearly and annual financial result of the Company are published in leading newspapers in India viz Free Press Journal and Navashakti
- Website: The Company's website contains a separate dedicated section "investors" where shareholders information is available. Quarterly and annual financial results, annual reports are also available on the website.
- Annual Report : Annual Report containing inter alia Board's Report, Auditor's Report, audited financial statements and other important information is circulated to members and others entitled thereto. The Annual Report is also available on the website of the Company.
- Website of the Stock Exchange: Disclosures and filing with the BSE Limited (BSE) by the Company are also hosted on the website of the said Stock Exchange.
- Disclosures: The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and have relevance to the shareholders.

9. General Shareholder's Information :

- Annual General Meeting : is scheduled to be held on 30th September, 2016 at the Company's registered office at **Kumbhivali Village, Savroli Kharpada Road, Taluka – Khalapur, Khopoli – 410 202, District Raigad, Maharashtra.**
- Financial year: The Company follows April to March as its financial year. The results for every quarter beginning from April are declared tentatively in the month following the quarter or within the time line as per the Listing Regulations.
- Record Date: Record date for the purpose of Annual General Meeting is 23rd September, 2016 to 30th September, 2016.
- Listing on Stock Exchange : The Company' shares are listed on the Bombay Stock Exchange Limited (BSE), P. J. Towers, Dalal Street, Mumbai – 400 001, Stock Code / symbol : BSE – 51441, ISIN No. – INE370D01013
- Payment of Listing fees: The Company has paid the annual listing fees for the year 2016-2017 to BSE within time.
- Market Price Data : The monthly high and low price of shares traded on the Bombay Stock Exchange Limited are as follows :

| Month | High | Low | No. of Shares | Month | High | Low | No. of Shares |
|--------|-------|-------|---------------|--------|-------|-------|---------------|
| Apr 15 | 39.05 | 25.50 | 7,89,713 | Oct 15 | 20.15 | 16.20 | 1,14,575 |
| May 15 | 38.40 | 27.25 | 2,36,846 | Nov 15 | 24.00 | 16.65 | 1,14,300 |
| Jun 15 | 27.00 | 21.00 | 1,80,161 | Dec 15 | 25.90 | 22.10 | 1,60,568 |
| Jul 15 | 30.00 | 23.00 | 1,98,813 | Jan 16 | 26.15 | 17.30 | 1,00,899 |
| Aug 15 | 30.50 | 16.00 | 3,46,858 | Feb 16 | 26.45 | 18.35 | 79,269 |
| Sep 15 | 20.20 | 14.20 | 69,311 | Mar 16 | 21.00 | 17.70 | 36,038 |

g) Share Transfer System: Application for transfer of shares in physical form are minimal and processed through the Company's Registrar and Transfer Agent. The Share Transfer Committee constituted for transfer / transmission of shares, issue of duplicate shares and allied matters. Transfers of shares in physical form as and when received are normally processed within 15 days from the date of receipt of documents complete in all respects.

h) Distribution of shareholding as on March 31, 2016.

| No. of equity shares | No. of share holders | No. of share holders | No. of shares held | % of share holding |
|----------------------|----------------------|----------------------|--------------------|--------------------|
| UPTO - 500 | 10870 | 92.064 | 1485523 | 16.410 |
| 501 - 1000 | 478 | 4.048 | 382342 | 4.224 |
| 1001 - 2000 | 244 | 2.067 | 372098 | 4.110 |
| 2001 - 3000 | 52 | 0.440 | 133649 | 1.476 |
| 3001 - 4000 | 39 | 0.330 | 140552 | 1.553 |
| 4001 - 5000 | 29 | 0.246 | 131641 | 1.454 |
| 5001 - 10,000 | 46 | 0.390 | 330805 | 3.654 |

g) Dematerialization of equity shares and liquidity

As on 31st March, 2016, 8056530 of the Equity shares have been dematerialized. Equity shares of the Company are under compulsory demat trading by all investors. Considering the advantages of scrip less / demat trading, shareholders are requested to consider dematerialization of their shares so as to avoid inconvenience in future.

h) Plant location: The Company has plants / units at Kumbhivali Village, Savroli Kharpada Road, Taluka – KhalapurKhopoli– 410 202 District Raigad, Maharashtra.

i) Registrar and Transfer Agent and address for communication:

Registrar and Share Transfer Agent:

Universal Capital Securities Private Limited

21, Shakil Niwas, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (E), Mumbai – 400 093

Registered Office: Kumbhivali Village, Savroli Kharpada Road, Taluka – Khalapur, Khopoli – 410 202 District Raigad, Maharashtra

Investors Service and Contact :

Mr. Ankur Gala (Company Secretary) In order to facilitate investor servicing, the company has a designated email id: info@mangalamorganics.com for registering queries by investors.

For and on behalf of the Board
Mangalam Organics Limited
Sd/-
Kamalkumar Dujodwala
Chairman



DECLARATION IN RESPECT OF CODE OF CONDUCT

In accordance with the SEBI (Listing obligation and Disclosure Requirements) Regulation 2015. I hereby confirm and declare that all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company laid down for hem for the financial year ended 31st March, 2016.

For Mangalam Organics Limited

Sd/-

Pannkaj Dujodwala
Managing Director

Place : Mumbai

Dated : 25th June, 2016



CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The members of
Mangalam Organics Limited

I have examined all the relevant records of Mangalam Organics Limited (“the Company”) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended 31st March, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This certificate 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.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement.

Sd-

YOGESH M. SHARMA
ACS: 33235 C.P. No. 12366

Place: Mumbai

Dated: 25th June, 2016.



INDEPENDENT AUDITOR'S REPORT

**To the Members of
Mangalam Organics Limited**
(Formerly known as Dujodwala Products Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Mangalam Organics Limited (Formerly known as Dujodwala Products Limited), which comprise the Balance Sheet as at 31st March, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year ended 31st March, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016.
- b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial Statement 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 written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report and to the best of our information and according to explanation given to us:
 1. The Company has disclosed the impact of pending litigation on its financial position in its financial statement- Refer Note 28 of the financial statements.
 2. The Company does not have any long-term contracts including derivatives contracts for which there are no material foreseeable losses.
 3. During the current year, there is no amount which needs to be transferred to the Investor Education and Protection Fund by the Company.

For R. Kabra & Co.
Chartered Accountants
(Registration No.104502W)
(Deepa Rathi)

Partner

M. Ship No.104808 FRN : 104502W

Place: Mumbai
Date: 26th April, 2016

ANNEXURE-A TO THE AUDITOR'S REPORT

(Referred to our report of even date)

Annexure referred to in Point 1 of the Auditors' Report of even date to the members of Mangalam Organics Limited (formerly Dujodwala Products Ltd.) for the year ended as on March 31, 2016.

On the basis of such checks as we considered appropriate and the information and explanations given to us during the course of the Audit, we state as under:

- i) (a) *The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.* However, the Company has informed us that it is in process of compilation.
(b) According to the information and explanation given to us, all the fixed assets have been physically verified by the management during the year along with the technical expert but *we cannot comment neither on any material discrepancies which were noticed on such verification nor we can comment on whether the same has been properly dealt with in the books of accounts as records were not available for the verification.*
- c) The title deeds of immovable properties are held in the name of the Company except that they are mortgaged to bank as per the report given by the external valuer during the year and as per the management and we have relied upon the same.
- ii) (a) The inventory has been physically verified during the year by the management and we have relied on the same. There are no material discrepancies noticed except for the inventory which was lost due to fire but has been properly dealt within the books of accounts.
- iii) (a) In our opinion and according to the information and explanation given to us the Company has not granted any secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and therefore clause iii b and iii c are not applicable.
- iv) In our opinion and according to the information and explanation provided to us in respect of loans, investments, guarantees and security, the provisions of section 185 and 186 of the Companies Act 2013 have been complied with.
- v) In our opinion and according to the information and explanation given to us by the management, the Company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.
- vi) The Central Government has prescribed maintenance of the cost records under sub section (1) of section 148 of the Companies Act, 2013 in respect to the Company's products. We have broadly reviewed the books of accounts & records maintained by the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made & maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- vii) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, Excise duty, service tax, cess and other material statutory dues applicable to it have *generally* been regularly deposited with the appropriate authorities and no undisputed amounts payable in respect of these were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues outstanding of income tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute except as stated below:-

| Name of the statute | Nature of dues | Amount of demand | Payment of demand | Period to which the amount relate | Forum where dispute is pending |
|------------------------------|--------------------------------------|------------------|--|-----------------------------------|---|
| The Central Excise Act, 1944 | Camphor Price Difference Excise Duty | 2,47,49,315 | 11,12,067 (our cum duty calculation as per supreme court order) | Feb-2004 to May-2005 | Commissioner of Central Excise Raigad |
| The Central Excise Act, 1944 | Excise duty | 10,91,99,456 | NIL | Apr-1999 to Aug-2003 | High Court |
| The Central Excise Act, 1944 | Excise Duty | 1,68,88,229 | 1,45,58,818 (Cum Duty) | Sept-2003 to Nov-2004 | High Court |
| The Central Excise Act, 1944 | Excise Duty | 81,44,105 | 70,01,466 (Cum Duty) | Dec-2004 to Sept-2005 | CESTAT |
| The Central Excise Act, 1944 | Interest | 1,68,38,001 | 1,68,38,001 | July-1999 to Jan-2004 | Commissioner of Central Excise and Customs (Appeals) for excess calculation of Interest of Rs. 91,30,615 paid under protest |
| The Central Excise Act, 1944 | Interest | 2,20,73,762 | 1,83,52,526 | Sept-2003 to Nov-2004 | Commissioner of Central Excise and Customs (Appeals) |

- viii) Based on our audit procedures and 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 institutions and banks due to restructuring of loans with the bank. There are no Debenture holders of the Company.
- ix) In our opinion and according to the information and explanations given to us and on an overall examination of the records and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans as per the restructuring of the loans from the bank, we have to state that, the Company has, prima facie, applied the term loans for the purpose for which the loans were obtained. There have been no moneys raised by way of initial public offer or further public offer (including debt instruments).
- x) During the course of our examination of the books and records of the Company and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the Company or any fraud on the Company by its officers or employees, which has been noticed or reported during the current year, nor we have been informed of such case by the management.
- xi) During the course of our examination and as verified we state that the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii) This clause is not applicable being the Company is not the nidhi Company.
- xiii) As verified by us all the transactions with the related parties are in compliance with sections 177 and section 188 of the Companies Act 2013 where applicable and the details have been disclosed in the Financial Statements, etc as required by the Accounting Standard 18.
- xiv) This clause is not applicable since the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.



- xv) As verified the Company has not entered in to any non-cash transactions with directors or persons connected with him.
- xvi) This clause is not applicable since the Company is not required to be registered under section 451A of the Reserve Bank of India Act,1934.

For R. Kabra & Co.
Chartered Accountants
sd-
(Deepa Rathi)
Partner

M. Ship No.104808 FRN : 104502W

Place: Mumbai

Date: 26th April, 2016

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF MANGALAM ORGANICS LIMITED

Report on the Internal Financial Controls over Financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed



risk. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, The Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflects the transaction and dispositions of the assets of the Company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For R. Kabra & Co.
Chartered Accountants
Sd-
(Deepa Rathi)
Partner

M. Ship No.104808 FRN : 104502W

Place: Mumbai
Date: 26th April, 2016



BALANCE SHEET AS AT 31ST MARCH, 2016.

| | NOTE NO. | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|---------------------------------------|----------|------------------------------------|------------------------------------|
| <u>EQUITY AND LIABILITIES:</u> | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 1 | 90,526,800 | 90,526,800 |
| Reserves and Surplus | 2 | 330,634,982 | 434,045,578 |
| | | <u>421,161,782</u> | <u>524,572,378</u> |
| Non-Current Liabilities | | | |
| Long-Term Borrowings | 3 | 233,202,219 | 92,671,065 |
| Deferred Tax Liability (Net) | 4 | 85,366,931 | 55,044,915 |
| Long Term Provisions | 5 | 9,631,241 | 10,334,493 |
| | | <u>328,200,391</u> | <u>158,050,473</u> |
| <u>CURRENT LIABILITIES</u> | | | |
| Short-Term Borrowings | 6 | 381,811,431 | 579,624,180 |
| Trade Payables | 7 | 183,745,672 | 238,077,508 |
| Other Current Liabilities | 8 | 113,728,656 | 133,639,509 |
| Short-Term Provisions | 9 | 2,680,606 | 26,181,332 |
| | | <u>681,966,364</u> | <u>977,522,529</u> |
| TOTAL | | <u><u>1,431,328,537</u></u> | <u><u>1,660,145,380</u></u> |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | | | |
| (i) Tangible Assets | 10 | 347,669,161 | 477,527,064 |
| Non-Current Investments | 11 | 25,000 | 25,000 |
| Long Term Loans and Advances | 12 | 2,725,620 | 3,454,288 |
| | | <u>350,419,781</u> | <u>481,006,352</u> |
| CURRENT ASSETS | | | |
| Inventories | 13 | 440,618,595 | 653,472,966 |
| Trade Receivables | 14 | 121,948,730 | 217,208,550 |
| Cash and Cash Equivalents | 15 | 31,036,484 | 51,665,788 |
| Short-term Loans and Advances | 16 | 487,072,487 | 256,193,466 |
| Other Current Assets | 17 | 232,460 | 598,258 |
| | | <u>1,080,908,756</u> | <u>1,179,139,028</u> |
| TOTAL | | <u><u>1,431,328,537</u></u> | <u><u>1,660,145,380</u></u> |

Significant accounting policies and notes to financial statements 1 to 44

Notes referred above forms integral part of the balance sheet

As per our report of even date attached

For **R. KABRA & COMPANY**
Chartered Accountants
Deepa Rathi (Partner)
Mem. No. 104808 / FRN. 104502W
Place : Mumbai
Dated: 26th April, 2016.

For and on behalf of Board of Directors

sd/-
Kamalkumar Dujodwala
Chairman

sd/-
Pannkaj Dujodwala
Managing Director



STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2016.

| | NOTE NO. | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|---|----------|----------------------|----------------------|
| INCOME | | | |
| Revenue from operations | 18 | 1,696,334,288 | 2,390,965,718 |
| Other income | 19 | 312,409,178 | 35,657,696 |
| | | 2,008,743,466 | 2,426,623,414 |
| EXPENSES | | | |
| Cost of materials consumed | 20 | 1,423,709,836 | 1,780,003,078 |
| Trading purchase | 21 | 52,414,067 | 183,757,916 |
| Changes in inventories of Finished Goods & Work -in-Process | 22 | 56,433,244 | (98,134,637) |
| Employee benefit expenses | 23 | 99,899,125 | 111,211,478 |
| Finance costs | 24 | 64,441,897 | 58,111,652 |
| Depreciation and amortization expenses | 10 | 53,010,088 | 61,699,282 |
| Other expenses | 25 | 331,923,788 | 261,516,428 |
| | | 2,081,832,046 | 2,358,165,198 |
| Profit before tax & Exceptional Items | | (73,088,580) | 68,458,216 |
| Prior Period Adjustments | | -- | -- |
| Profit / (Loss) before extraordinary items and tax | | (73,088,580) | 68,458,216 |
| Profit / (Loss) before tax | | (73,088,580) | 68,458,216 |
| Less: Tax expense: | | -- | 23,000,000 |
| Less: Deferred tax | | 30,322,016 | 3,446,594 |
| Profit/ (Loss) for the period | | (103,410,596) | 42,011,622 |
| Earning per equity share (Nominal value of share Rs. 10/-, | | | |
| Basic | | (11.42) | 4.64 |
| Diluted | | (11.42) | 4.64 |

Significant accounting policies and notes to financial statements 1 to 44
 Notes referred above forms integral part of the statement of profit and loss
 As per our report of even date attached

For **R. KABRA & COMPANY**
 Chartered Accountants
 Deepa Rathi (Partner)
 Mem. No. 104808 / FRN. 104502W
 Place : Mumbai
 Dated: 26th April, 2016.

For and on behalf of Board of Directors

| | |
|----------------------------------|--|
| sd/- | sd/- |
| Kamalkumar Dujodwala Chairman | Pannkaj Dujodwala Managing Director |



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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|---|-------------------|-------------------|
| NOTE 1 | | |
| SHARE CAPITAL | | |
| A) AUTHORISED CAPITAL | | |
| 1,20,00,000 Equity Shares of Rs. 10/- each | 120,000,000 | 120,000,000 |
| B) ISSUED, SUBSCRIBED AND PAID UP | | |
| 90,52,680 (P.Y. 90,52,680) Equity Shares of Rs. 10/- each | 90,526,800 | 90,526,800 |
| | 90,526,800 | 90,526,800 |

Note 1.1 : Of these 431080 equity shares of Rs. 10 each fully paid up issued at premium of Rs. 11.09 per share upon conversion of convertible warrants issued on preferential basis in the F.Y. 2010-11)

C) Terms/ rights attached to Equity Shares:

The Company has only one class of equity shares having par value of Rs.10/-. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

| | No. of shares as on 31st March 2016 | No. of shares as on 31st March 2015 |
|---|--|--|
| D) Reconciliation of Outstanding Shares: | | |
| Opening as on 1st April 15 | 9,052,680 | 9,052,680 |
| Add: Issued during the year | -- | -- |
| Closing as on 31st March 16 | 9,052,680 | 9,052,680 |

E) Details of shareholders holding more than 5% of the total share capital

| Name of the Shareholder | No. of shares as on 31st March 2016 | % of Holding | No. of shares as on 31st March 2015 | % of Holding |
|---------------------------|--|-----------------|--|-----------------|
| Indo Euro Securities Ltd. | 1,829,417 | 20.21 | 1,829,417 | 20.21 |
| Manisha Dujodwala | 853,250 | 9.43 | 853,250 | 9.43 |
| Alka Dujodwala | 578,790 | 6.39 | 578,790 | 6.39 |
| | 3,261,457 | 36.03 | 3,261,457 | 36.03 |

F) Bonus shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended on 31st March 2016.

- (i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash: Nil
- (ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares: Nil
- (iii) Aggregate number of equity shares bought back : Nil



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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|--|--------------------|--------------------|
| NOTE 2 | | |
| RESERVES AND SURPLUS: | | |
| A) CAPITAL RESERVE: | | |
| Balance as per last balance sheet | 7,025,984 | 7,025,984 |
| Add: During the year | -- | -- |
| Balance at the end of the year | 7,025,984 | 7,025,984 |
| B) Securities Premium Account :- | | |
| Balance as per last balance sheet | 80,996,677 | 80,996,677 |
| Add: During the year | -- | -- |
| Balance at the end of the year | 80,996,677 | 80,996,677 |
| C) General Reserve :- | | |
| Balance as per last balance sheet | 14,991,838 | 14,991,838 |
| Less: Sales tax deferment liability. | -- | -- |
| Balance at the end of the year | 14,991,838 | 14,991,838 |
| D) Surplus :- | | |
| Balance as per last balance sheet | 331,031,079 | 316,739,817 |
| Add: Profit for the period | (103,410,596) | 42,011,622 |
| Less: Appropriations: | | |
| Adjustment relating to fixed assets (refere note No. 10.1) | -- | 27,720,360 |
| - Proposed dividend | -- | -- |
| Balance at the end of the year | 227,620,483 | 331,031,079 |
| Total of (A+B+C+D) | 330,634,982 | 434,045,578 |
| NOTE 3 | | |
| LONG TERM BORROWING | | |
| Term Loans: | | |
| Secured Loans - From Banks | | |
| (Refer note no.3.1) | | |
| From Saraswat Co.Op. Bank Ltd. | | |
| Corporate Loan - Saraswat Bank | 61,533,781 | 71,167,123 |
| Repayable in 60 monthly installment out of which first 12 monthly installments are of Rs. 8 Lacs each; next 12 installments are of Rs.10 Lacs each; next 35 monthly installments are of Rs.16 Lacs & next 1 installment is of Rs. 24 Lac. | | |
| Rupee Term Loan I | 157,600,000 | -- |
| Repayable in monthly installments after montorium period of 24 months which will be w.e.f. March-2018 onwards of (a) Rs.15 Lacs x 12, (b) Rs.20 Lacs x 12, (c) Rs. 25 Lacs x 12, (d) Rs.25 Lacs x 12, (e) Rs.35 Lacs x 12, (f) Rs. 40 Lacs x 11, (g) Rs. 20 Lacs x 1 | | |
| Rupee term loan II | 8,014,870 | 11,083,368 |



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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|--|--------------------|-------------------|
| Repayable in 71 monthly installments of Rs.4,75,000 each and 29 installments are outstanding at the year end. | | |
| Rupee Working Capital Demand Loan | 3,509,316 | 4,151,397 |
| Repayable in monthly installment of Rs. 123100/- out of which 40 monthly installments are outstanding at the year end. | | |
| NOTE 3.1 | | |
| *1) Secured against first charge on the present and future fixed assets of the Company (Land & Building, Plant & Machinery) | | |
| *2) Secured against equitable mortgage of factory land & building at Kumbhivali village, Savroli Kharpada Road, Taluka Khalapur, Khopoli-410202, Dist: Raigad, and hypothecation of Plant and Machinery. | | |
| *3) Personal Guarantee of Mr. Kamal Dujodwala, Chairman & Mr. Pannkaj Dujodwala, Managing Director of the Company. | | |
| Loan from Reliance Capital Ltd* | 1,694,122 | 3,906,871 |
| Repayable in 36 monthly installments of Rs. 2,41,936/- each and 28 EMIs are outstanding at the year end secured by first charge by way of hypothecation of equipment financed and personal guarantee of Mr. Kamal Dujodwala (Chairman) and Mr. Pannkaj Dujodwala Managing Director of the Company. | | |
| Vehicle Loan (from Banks)* | 850,129 | 1,528,867 |
| Vehicle Loan (from other Financial Institutions)* | - | 833,439 |
| * (Secured against specific equipments & vehicle financed and personal guarantee of Mr. Pannkaj Dujodwala, Managing Director of the Company). (Vehicle Loans are subject to confirmation) | <u>233,202,219</u> | <u>92,671,065</u> |
| | Rs. in lakhs | Rs. in lakhs |
| Total Long Term Liability | 2,557.98 | 1237.69 |
| Less:- Maturity within next 12 months | 225.96 | 310.98 |
| Net Long Term Liability | 2,332.02 | 926.71 |
| NOTE 4 | | |
| DEFERRED TAX LIABILITY (NET) | | |
| A) Deferred tax liability | | |
| Related to Depreciation and Amortization of Fixed Assets | 90,513,853 | 60,191,837 |
| | <u>90,513,853</u> | <u>60,191,837</u> |
| B) Deferred Tax Assets | | |
| Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961. | 5,146,922 | 5,146,922 |
| (Gratuity, Provision for doubtful debts, Leave encashments) | 5,146,922 | 5,146,922 |
| Total (A - B) | <u>85,366,931</u> | <u>55,044,915</u> |



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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|--|------------------|-------------------|
| NOTE 5 | | |
| LONG TERM PROVISIONS | | |
| For Employee benefits: | | |
| Provision for gratuity (refer note 32) | 8,561,108 | 8,663,780 |
| Provision for leave encashment (refer note 32) | 1,070,133 | 1,670,713 |
| | <u>9,631,241</u> | <u>10,334,493</u> |

| | | |
|--|--------------------|--------------------|
| NOTE 6 | | |
| SHORT TERM BORROWING | | |
| Loans repayable on demand | | |
| Cash Credit from The Saraswat Co.-Op. Bank Ltd.(refer note 6.1) | 166,725,697 | 285,142,010 |
| Working Capital Loan (refer note 6.1) (includes buyers credit, pre-shipment / post shipment credit) | 215,085,734 | 294,482,170 |
| | <u>381,811,431</u> | <u>579,624,180</u> |

NOTE 6.1

The borrowings are secured by :

- Against hypothecation of Inventories and Book Debts.
- Equitable mortgage of Factory Land and Building at Kumbhivali village, Savroli Kharpada Road, Tal. Khalapur, Khopoli - 410202, Dist. Raigad, Maharashtra.
- Hypothication of Plant and Machinery.
- Personal Guarantee of Mr. Kamalkumar Dujodwala and Mr. Pannkaj Dujodwala Directors of the Company.

NOTE 7

TRADE PAYABLES

| | | |
|---|--------------------|--------------------|
| Due to Micro, Small and Medium Enterprises (refer Note No. 7.1) | -- | -- |
| Due to others | 183,745,672 | 238,077,508 |
| | <u>183,745,672</u> | <u>238,077,508</u> |

NOTE - 7.1

Due to small-scale industrial undertakings and due to micro enterprises and small enterprises:

The Company is in process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since the relevant information is not readily available, no disclosure have been made in the accounts. However, in view of the Management the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

Note 7.2

Trade payable includes Rs. 8,21,32,608/- to foreign creditors which is sub-judiced and therefore rupees liability is freezed.

Note 7.3

Trade payables are subject to confirmations.



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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|--|---------------------------|---------------------------|
| NOTE 8 | | |
| <u>OTHER CURRENT LIABILITIES</u> | | |
| Current maturities of long term debts (refer note no.3 & 3.1) | 22,596,326 | 31,098,400 |
| Unpaid dividend | 1,068,245 | 1,068,345 |
| <u>Other payables:</u> | | |
| TDS payable | 557,475 | 894,089 |
| Sales tax payable | 2,177,738 | 2,235,487 |
| Other statutory dues payable | 397,762 | 625,120 |
| Excise duty payable on closing stock of finished goods | 25,675,678 | 15,682,439 |
| Sundry Creditors for expenses | 25,256,253 | 38,798,249 |
| Advance from customers incl. Rs. 3097958/- (P.Y. Nil) from related party | 19,324,080 | 4,916,680 |
| Deferred Sales Tax Liability (refer Note No. 33) | - | 1,763,946 |
| Salaries payable | 4,570,283 | 7,618,464 |
| Advance from Contractors/ Service providers | 11,036,738 | 27,717,589 |
| Other liability (incl. Godown Rent Rs. 992000/-) | 1,068,079 | 1,220,700 |
| | <u>113,728,656</u> | <u>133,639,509</u> |

Note 8.1) Sundry creditors for expenses, advance from customers and advance from contractors / service providers are subject to confirmation.

Note 8.2) Advance from customers includes Rs.3097958 from the related party as per transactions specified in business parlance.

NOTE 9

SHORT TERM PROVISIONS

For Employee benefits:

| | | |
|--|-------------------------|--------------------------|
| Provision for gratuity (Note No. 35) | 2,555,108 | 2,947,085 |
| Provision for Leave encashment (Note No. 35) | 125,498 | 234,247 |
| Provision for Income Tax for A.Y. 2015-16 | - | 23,000,000 |
| | <u>2,680,606</u> | <u>26,181,332</u> |

MANGALAM ORGANICS LIMITED

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

NOTE - 10

TANGIBLE ASSETS:

| Particulars of Assets | GROSS CARRYING AMOUNT | | | DEPRECIATION | | | | NET CARRYING AMOUNT | | |
|--------------------------|-----------------------|-------------------------|--------------------------|--------------------|--------------------|-------------------|--------------------------|---------------------|--------------------|--------------------|
| | As on 01.04.15 | Addition/ adjustment | Deduction/ adjustment | As on 31.03.16 | Upto 1.04.15 | For the Year | Deduction/ Adjustment | Upto 31.03.16 | As on 31.03.16 | As on 31.03.15 |
| | Land | 15,683,087 | - | - | 15,683,087 | - | - | - | - | 15,683,087 |
| Residential Colony | 5,435,483 | - | - | 5,435,483 | 2,623,474 | 172,305 | - | 2,795,779 | 2,639,704 | 2,812,009 |
| Factory Building | 108,312,349 | 32,533 | - | 108,344,882 | 52,060,484 | 3,433,718 | - | 55,494,202 | 52,850,681 | 56,251,866 |
| Plant and Machinery | 744,871,729 | 19,260,793 | 73,140,510 | 690,992,012 | 405,293,518 | 44,508,925 | 22,089,094 | 427,713,349 | 263,278,663 | 384,060,705 |
| Vehicles | 22,120,979 | - | 1,303,707 | 20,817,272 | 12,587,305 | 2,860,875 | 497,886 | 14,950,295 | 5,866,977 | 9,533,673 |
| Furniture & Fixture | 7,168,607 | 243,161 | 117,400 | 7,294,368 | 3,384,202 | 451,529 | 55,700 | 3,780,031 | 3,514,337 | 3,784,405 |
| Computers | 4,342,586 | 93,846 | 296,300 | 4,140,132 | 2,212,700 | 660,231 | 280,200 | 2,592,731 | 1,547,401 | 2,129,886 |
| Office Equipment | 5,488,396 | 5,400 | 86,240 | 5,407,556 | 2,407,632 | 916,537 | 20,222 | 3,303,947 | 2,103,609 | 3,080,764 |
| Office Premises | 366,131 | - | - | 366,131 | 175,461 | 5,968 | - | 181,429 | 184,703 | 190,670 |
| Total | 913,789,347 | 19,635,733 | 74,944,157 | 858,480,923 | 480,744,776 | 53,010,088 | 22,943,102 | 510,811,762 | 347,669,161 | 477,527,065 |
| Capital work in progress | - | - | - | - | - | - | - | - | - | - |
| Total | 913,789,347 | 19,635,733 | 74,944,157 | 858,480,923 | 480,744,776 | 53,010,088 | 22,943,102 | 510,811,762 | 347,669,161 | 477,527,065 |
| Previous year | 832,768,892 | 83,758,820 | 2,738,365 | 913,789,347 | 375,674,562 | 61,699,281 | 1,111,561 | 436,262,282 | 477,527,065 | 457,094,330 |

10.1) During the previous year, pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful life as specified in Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortization and Depletion, whereby the written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Profit and Loss Account of the previous year to the extent of Rs.. 27720360/- (net of deferred tax). During current year amount is "NIL". 10.2) Deletion/adjustments of Rs. 74944157/- includes fire loss during the period of Rs. 73640450 & remaining due to sold vehicles of Rs. 1303707. The gross block deduction of Rs. 73140510 from P/M related to the assets which were lost due to fire. The accumulated depreciation for the same is Rs. 2,20,89,094/- . The balance of Rs. 5,10,51,416/- is shown as loss due to fire in Admin cost.



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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|--|--------------------|--------------------|
| NOTE - 11 | | |
| NON-CURRENT INVESTMENT | | |
| (Valued at cost unless otherwise stated) | | |
| (Unquoted, non-trade) | | |
| Saraswat Co.Op.Bank Ltd. | 25,000 | 25,000 |
| Face value | 25,000 | 25,000 |
| Rs. 10/- | 2500 | Rs. 25000/- |
| (Aggregate amount of unquoted investment) | 25,000 | 25,000 |
| (Provision made for diminution in value of investment) | Nil | Nil |
| Quoted Investments | | |
| Total cost of Quoted Investments | Nil | Nil |
| Total cost of Un-quoted Investments | 25,000 | 25,000 |
| NOTE - 12 | | |
| LONG-TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good) | | |
| Security deposits (including deposit for Telephone, Gas, Tender, Rent) | 2,725,620 | 1,690,342 |
| Sales Tax Deferment | -- | 1,763,946 |
| | 2,725,620 | 3,454,288 |
| NOTE - 13 | | |
| INVENTORIES | | |
| (As taken, valued and certified by the Management & relied upon by Auditors) | | |
| Raw materials | 59,451,515 | 210,010,230 |
| Work-in-process | 93,944,523 | 128,315,944 |
| Finished goods | 275,695,983 | 290,437,129 |
| Stores and spares | 7,248,000 | 8,675,515 |
| Power & fuel | 2,559,777 | 6,456,840 |
| Packing materials | 1,618,617 | 2,156,450 |
| Stock in Trade | 100,180 | 7,420,858 |
| | 440,618,595 | 653,472,966 |
| NOTE - 14 | | |
| TRADE RECEIVABLES | | |
| Outstanding for more than 6 months | | |
| Considered good | 31,260,538 | 24,890,415 |
| Considered doubtful | 6,749,820 | 5,488,818 |
| | 38,010,358 | 30,379,233 |
| Less Provision for Doubtful debts | 6,749,820 | 5,488,818 |



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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|--|-------------------------|-------------------------|
| | 31,260,538 | 24,890,415 |
| Outstanding for less than 6 months | 90,688,192 | 192,318,135 |
| | 121,948,730 | 229,373,952 |
| NOTE - 14.1 | | |
| Trade receivable are subject to confirmation | | |
| NOTE - 15 | | |
| CASH AND BANK BALANCES | | |
| CASH AND CASH EQUIVALENTS | | |
| Balance with banks | 3,412,189 | 8,610,693 |
| Cash on hand | 560,202 | 1,168,587 |
| | 3,972,391 | 9,779,281 |
| OTHER BANK BALANCES: | | |
| Balance in unpaid dividend account | 1,083,745 | 1,083,845 |
| Margin Deposits including fixed deposits (pledged with Bank) | 25,980,348 | 40,802,662 |
| | 27,064,093 | 41,886,507 |
| | 31,036,484 | 51,665,788 |
| NOTE 16 | | |
| SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good) | | |
| Advance to Suppliers | 11,000,900 | 54,155,196 |
| Advance to Staff | 99,035 | 135,250 |
| VAT Refund receivable | 22,441,135 | 25,118,810 |
| Insurance Claim Receivable (refer Note No.42) | 303,550,698 | 29,269,930 |
| Sales Tax Deferment | -- | 1,763,946 |
| Export Benefit / SAD Refund receivable | 671,342 | 1,624,589 |
| Deposits (incl. Telephone, Godown/Office Rent) | 1,032,541 | 1,394,371 |
| Deposit for premises to Dujodwala Resins & Terpenes Ltd (Related party) | 50,000,000 | 50,000,000 |
| Advance for services to Dujodwala Resins & Terpenes Ltd (related party) | -- | 7,729,668 |
| Advance for services to Inspirations (related party) | -- | 387,200 |
| Advance for services (others) | 1,582,816 | 3,742,394 |
| Balance with excise authorities | 90,935,669 | 62,897,932 |
| Advance Income Tax & TDS (net of provisions) [includes provision for tax C.Y. Rs. Nil (P.Yrs. 2,30,00,000/-) and TDS C.Y. Rs. 238454/- (P.Yrs. Rs.7543/-)] | 5,758,351 | 17,974,180 |
| | 487,072,487 | 256,193,466 |
| NOTE - 16.1 | | |
| Advances given are subject to Confirmation | | |



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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|---|-----------------------------|-----------------------------|
| NOTE 17 | | |
| <u>OTHER CURRENT ASSETS</u> | | |
| Prepaid expenses | 232,460 | 598,258 |
| MAT Credit entitlement | -- | -- |
| | <u>232,460</u> | <u>598,258</u> |
| NOTE 18 | | |
| <u>REVENUE FROM OPERATIONS</u> | | |
| <u>Sale of Products</u> | | |
| Local Sales | 1,679,386,820 | 2,250,723,244 |
| Less: Excise duty | 189,418,605 | 238,449,224 |
| | 1,489,968,214 | 2,012,274,020 |
| Export Sales | 1,42,888,850 | 179,366,565 |
| Trading Sales | 63,477,224 | 199,325,133 |
| | <u>1,696,334,288</u> | <u>2,390,965,718</u> |
| NOTE 19 | | |
| <u>OTHER INCOME</u> | | |
| Excise - SAD refund | 1,755,699 | 1,185,638 |
| Dividend on non current investments | 3,750 | 2,500 |
| Interest on FDR & others | 3,189,637 | 2,649,321 |
| Export benefit | 688,812 | 1,868,230 |
| Miscellaneous income | 306,771,281 | 29,952,006 |
| | <u>312,409,178</u> | <u>35,657,696</u> |
| NOTE 20 | | |
| <u>COST OF MATERIALS CONSUMED:</u> | | |
| Inventory at the beginning of the year | 210,010,230 | 205,631,854 |
| Add: Purchases | 1,273,151,121 | 1,784,381,454 |
| | 1,483,161,351 | 1,990,013,308 |
| Less: Inventory at the end of the year | 59,451,515 | 210,010,230 |
| Cost of materials consumed | <u>1,423,709,836</u> | <u>1,780,003,078</u> |
| NOTE 21 | | |
| <u>TRADING PURCHASE</u> | | |
| Trading purchases (Stock in trade Purchase) | 52,414,067 | 183,757,916 |
| | <u>52,414,067</u> | <u>183,757,916</u> |

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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|---|--------------------------|----------------------------|
| NOTE 22 | | |
| <u>(INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS</u> | | |
| <u>WORK-IN-PROCESS AND TRADING (STOCK IN TRADE)</u> | | |
| Inventories at the end of the year | | |
| Work-in-progress | 93,944,523 | 128,315,944 |
| Finished goods | 275,695,983 | 290,437,129 |
| Stock in Trade | 100,180 | 7,420,858 |
| (A) | <u>369,740,686</u> | <u>426,173,931</u> |
| Inventories at the beginning of the year | | |
| Work-in-process | 128,315,944 | 89,678,330 |
| Finished goods | 290,437,129 | 218,887,964 |
| Stock in Trade | 7,420,858 | 19,473,000 |
| (B) | <u>426,173,931</u> | <u>328,039,294</u> |
| Total (B - A) | <u><u>56,433,244</u></u> | <u><u>(98,134,637)</u></u> |
| NOTE 23 | | |
| <u>EMPLOYEE BENEFIT EXPENSES</u> | | |
| Salaries, wages and bonus | 92,353,862 | 100,873,564 |
| Directors remuneration | 2,400,000 | 2,400,000 |
| Contribution to Provident Fund and other funds | 2,425,903 | 2,302,732 |
| Gratuity expenses | 87,090 | 2,300,764 |
| Staff welfare expenses | 2,632,270 | 3,334,418 |
| | <u>99,899,125</u> | <u>111,211,478</u> |
| NOTE 24 | | |
| <u>FINANCE COSTS:</u> | | |
| On term loan | 14,184,135 | 7,982,890 |
| On other facilities | 42,560,222 | 39,006,476 |
| Interest to others | 2,322,521 | 2,614,672 |
| Bank and LC charges | 5,375,019 | 8,507,614 |
| | <u>64,441,897</u> | <u>58,111,652</u> |
| NOTE 25 | | |
| <u>OTHER EXPENSES</u> | | |
| Manufacturing expenses: | | |
| Consumption of Stores and Spare parts | 5,295,549 | 4,159,587 |
| R & M Building & others | 3,886,903 | 2,623,282 |
| R & M - Machinery | 14,014,625 | 6,683,251 |

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

| | 31-03-2016 (Rs.) | 31-03-2015 (Rs.) |
|---|-------------------------|-------------------------|
| Power and Fuel | 105,199,584 | 138,478,003 |
| Consumption of Packing Materials | 18,703,869 | 16,107,888 |
| Boiler expenses | 2,450,241 | 3,709,813 |
| (Increase) / decrease in excise duty on closing stock of finished goods | 9,993,239 | 2,757,767 |
| (A) | 159,544,009 | 174,519,591 |
| Administrative and other expenses: | | |
| Donation | -- | 1,024,501 |
| Export expenses | 11,837,288 | 12,364,336 |
| Freight and Forwarding | 28,812,964 | 29,374,604 |
| Foreign exchange fluctuation | 14,157,037 | 3,291,945 |
| Insurance | 2,413,068 | 1,650,996 |
| Legal and professional fees | 6,038,652 | 3,668,622 |
| Loss (due to fire P/M) | 51,051,416 | -- |
| Short Insurance claim received | 22,089,094 | -- |
| Loss on sale of Fixed Assets | 538,036 | 303,016 |
| Rebate and discounts on sales | 3,217,483 | 3,184,365 |
| Rates and Taxes | 13,511,074 | 13,661,017 |
| Traveling & Conveyance | 8,393,528 | 8,589,635 |
| Doubtful Debts | 1,261,002 | 2,347,704 |
| Miscellaneous expenses | 8,399,136 | 6,876,097 |
| Payment to auditor: | | |
| Audit fees | 500,000 | 500,000 |
| Tax audit fees | 160,000 | 160,000 |
| (B) | 172,379,779 | 86,996,837 |
| Total (A+B) | 331,923,788 | 261,516,428 |

I). NOTES TO ACCOUNTS

26. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

- i. The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.
- ii. Accounting policies not specifically referred to otherwise, have been followed consistently and are in consonance with generally accepted accounting principles.

2. Use of estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015.

financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3. Tangible assets and depreciation

- i. Fixed Assets are stated at cost net of Cenvat / value added tax and includes amount added on revaluation less accumulated depreciation and impairment loss, if any. All Cost is inclusive of freight, duties, (net of tax credits as applicable) levies and any directly attributable cost till commencement of commercial production.
- ii. Depreciation on fixed assets is provided based on the useful life of the assets as prescribed in schedule II of the Companies Act, 2013.
- iii. Capital work in progress includes incidental expenses pending allocation/ apportionment in respect of the uninstalled/ incomplete Fixed Assets and advances to suppliers of Plant & Machinery, equipment etc.

4. Valuation of inventory

Inventories are valued at lower of cost or net realizable value, after providing for obsolescence and damages as follows:

| | | |
|----|---|--|
| a) | Raw Material, Packing Material, Stores and Spares | At Cost on weighted average basis. |
| b) | Material in Process | At Cost, plus appropriate production overheads. |
| c) | Finished Goods | At cost, plus appropriate production overheads, including excise duty paid/ payable on such goods if applicable. |

5. Revenue recognition

- i. Sales are recognized, net of returns and trade discounts, on dispatch of goods to customers and are reflected in the accounts at gross realizable value i.e. Inclusive of excise duty but excluding Sales Tax/ VAT.
- ii. In appropriate circumstances, revenue (Income) is recognized when no significant uncertainty as to measurability or collectibles exists and in case of export benefits / incentives are accounted on accrual basis.
- iii. Interest income is recognized on time proportionate method.
- iv. There was major fire in the Company's plant at Kumbhivali in the first quarter of financial year 2015-16, for which claim of Rs. 28.31 crores was lodged with the insurance Company. Out of this claimed amount, Company has received Rs. 24 Lacs in 4th quarter of F.Y. 2015-16. Further management is confident of expediting and settling balance claim amount from the insurance Company. Accordingly it is taken as other income in the profit & Loss account.

6. Employee retirement benefits

i. Defined Contribution Plans:

The Company has defined contribution plan for Post-employment benefits in the form of Provident fund for all eligible employees; which is administered by the Regional Provident Fund Commissioner. The Company has no further obligations beyond its monthly contribution.

ii. Defined Benefits Plans:

Funded Plan: The Company has defined benefit plan for Post-employment benefit in the form of Gratuity for all employees.

Liability for above defined benefit plan is provided on the basis of actuarial valuation as per the requirements of Accounting Standard 15 (Revised 2005) on "Employee Benefits", as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

iii. Other Long Term Employee Benefits:

Liability for compensated absence (unutilized leave benefit) is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method in respect of past services.

- iv. Termination benefits are recognized as an expense as and when incurred.

-
- v. The actuarial gains and losses arising during the year are recognized in the statement of profit and loss of the year without resorting to any amortization.

7. Investments

Long term Investments are stated at cost. Temporary fall in market value, if any, is not provided for. Current Investments are carried at lower of cost and fair value.

8. Foreign currency transactions

- i. Monetary and Non-Monetary items/ transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- ii. Monetary items denominated in foreign currencies are recorded at the original rate of exchange in-force at the time transactions are affected. Foreign Currency transactions remaining unsettled at the year-end are translated at the rate prevailing on the balance sheet date. The difference in translation of monetary assets and liabilities of realized gains or losses on foreign exchange transaction are recognized in the statement of profit and loss.

9. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of such assets for the period until the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred. A qualifying asset is one that takes substantial period of time to get ready for intended use.

10. Taxes

- i. Current Tax has not been provided as per the provisions of Income tax Act, 1961 in view of losses.
- ii. Tax expense comprise of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax for timing differences between the book profit and taxable income for the year and reversal of timing differences of earlier years.
- iii. Deferred Tax resulting from "timing differences" between book and tax profits is accounted for using the tax rates and laws that has been enacted as of the balance sheet date, to the extent that the timing differences are expected to crystallize as deferred tax charge / benefit in the statement of profit and Loss and as deferred tax asset or liabilities in the Balance Sheet. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.
- iv. Minimum Alternative Tax (MAT) credit is recognized 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 recognized as an asset in accordance with the recommendations contained in guidance note issued by Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT credit entitlement. The company reviews the same at each Balance Sheet date and write 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 specified period.

11. Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent Liabilities are disclosed separately.

12. Impairment of Assets (AS-28)

At each balance sheet date, the Management reviews the carrying amounts of assets and goodwill included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the assets and goodwill is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the assets and from disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific to the assets.

Reversal of impairment loss is recognized immediately as income in the statement of profit and loss.

13. Excise duty and CENVAT credit

Excise duties recovered are included in Sales and shown separately in financial statement as deduction from sales. Excise duty provision made in respect of finished goods lying at factory premises are shown separately as an item of manufacturing and other expenses and included in the valuation of finished goods. Cenvat credit available on purchases of service / materials / capital goods is accounted by reducing cost of services / materials / capital goods. Cenvat credit availed of is accounted by way of adjustment against excise duty payable on dispatch of finished goods.

14. Customs duty

Customs Duty on goods lying in Custom Bonded Warehouse is charged in the year of clearance of goods when it becomes payable.

15. Earning Per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of preferential issue allotment of equity shares. For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

16. Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statement and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

17. Miscellaneous Expenditure

Miscellaneous Expenditure is debited fully in the year in which expenditure is incurred.

II). NOTE TO ACCOUNTS

27. Contingent liabilities - Not provided for in respect of

| i. | 31 st March 2016 (Rs.) | 31 st March 2015 (Rs.) |
|----------------|-----------------------------------|-----------------------------------|
| Bank Guarantee | 32,59,493 | 29,57,420 |

Bank guarantees issued by banks on behalf of the Company Rs. 32.59 Lacs (Previous Year Rs 29.57 Lacs). These are secured by the charge created in favour of the Company's bankers by way of pledge of Fixed Deposit Receipts.

ii. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs.NIL (P.Y. Rs. 86,81,151/-)

iii. Excise Duty

| | 31 st March 2016 (Rs.) | 31 st March 2015 (Rs.) |
|--|-----------------------------------|-----------------------------------|
| Feb 04 to May 05 (Camphor Price Difference Duty) | 2,47,49,315 | 2,47,49,315 |
| April 99 to August 03 (Rosin & Turpentine Central excise duty) | 10,91,99,456 | 10,91,99,456 |
| Sept 03 (Rosin & Turpentine Central excise duty) | 50,760 | 50,760 |
| Oct 03 to March 04 (Rosin & Turpentine Central excise duty) | 66,44,602 | 66,44,602 |
| April 04 to Nov 04 (Rosin & Turpentine Central excise duty) | 1,01,92,867 | 1,01,92,867 |
| Dec 04 to Sept 05 (Rosin & Turpentine Central excise duty) | 81,44,105 | 81,44,105 |
| July 99 to Jan-04 (Interest) | 91,30,615 | 91,30,615 |
| Sept-03 to Nov-04 (Interest Rosin & Turpentine) | 2,20,73,762 | 2,20,73,762 |

- a) In the earlier year the Company received Show Cause Notice from the Excise Department for the period February 2004 to May 2005 demanding sum of Rs. 2, 47, 49, 315/- for Excise Duty on price difference. The Company has received order in its favour from CESTAT against the Order passed by the Commissioner of Central Excise & Custom against which the department has filed an civil appeal in Supreme Court for condemnation of delay in filling the Petition of appeal, hence no provision has which was allowed as per Order dated 18th November 2015, giving direction to Commissioner to arrive at correct transaction value after giving deduction and on the basis of our calculation submitted, we have debited Rs 11,12,067/- in RG 23 Part II on 31st March 2016 and hence no provision has been made in books of account for Excise duty of Rs 2,47,49,315/- as it is subject to final verification.
- b) In the earlier year the Company has received notice from Commissioner of Central Excise & Customs determining interest on excise duty liability for the period July 1999 to January 2004 of Rs. 1,68,38,001/- as against interest of Rs. 77,07,386/- calculated and paid by the company in financial year 2011-12. The excise department has demanded balance interest of Rs. 91,30,615/- (Rs. 1,68,38,001/- minus Rs. 77,07,386/-) from the Company and recovered an amount of Rs. 35,19,301/- out of export rebate of the Company and an amount of Rs. 56,11,314/- was paid by the Company by crediting RG23 balance. Since the Company has not agreed to the interest calculation of the department, it has filed an appeal before the Commissioner of Central Excise and Customs (Appeals) and the amount of Rs. 91,30,615/- paid has been shown as paid under protest.
- c) The Excise department has gone in appeal against the Show Cause Notice decided in favour of Company by Commissioner of Central Excise and Customs (Appeals) for Rs.11,58,94,818/- in respect of Excise Duty on Turpentine & Rosin manufactured (exempted from excise manufactured without aid of power) for the period April 99 to March 04. The Company has further received Show Cause Notice from the Department for the period April 04 to November 04 of Rs. 1,01,92,867/- for which the Company has obtained Stay Order from the CESTAT against the Order passed by the Commissioner against it. Against all the above show cause notices for the period from April-99 to November-04 CESTAT passed order confirming cum-duty demand for the normal period. Against the said order, during the current financial year, the Company paid under protest Rs. 1,45,58,818/- towards excise duty as demanded by Commissioner of Central Excise & Customs for the period September-03 to November-04 and for which Appeal has been filed by the Company and is pending for adjudication before Commissioner (Appeals) .For the show cause notice received for the period December 04 to September 05 for Rs 81,44,105/-, appeal has been filed in CESTAT for adjudication against the order passed by the Commissioner of Central Excise & Custom confirming the demand has been provided for in books of account and an amount of Rs 6,10,808 has been paid in cash for the appeal and for the balance amount of Rs 63,90,658/- the duty has been debited in RG 23 Part II on 01.09.2015. During the previous year the Company has also received notice from Commissioner of Central Excise & Customs, determining interest on excise duty for the period Sept-03 to Nov-04 amounting to Rs. 2,20,73,762/- against which Company has paid Rs. 20,00,000/- under protest in the last financial year and during the current financial, Export rebate for amount of Rs 1,63,52,526/- have been further appropriated in current financial year under protest and for the balance interest amount no provision has been made in books of account as for the entire demand amount for the period from April-1999 to November 2004, appeal is pending before the Mumbai High Court and Appeal before Commissioner Appeal for the duty demand for the period September 03 to November 04.
- d) Company's petition for IIC notification was rejected by Delhi High Court and Company has filed SLP in Supreme Court. If decision comes in Company's favour, then the above excise liabilities will be null and void and Company will be entitled for refund of excise duty paid under protest.
- iv. Letter of credit issued by the bankers of the Company Rs. 21,40,70,143/- (P.Y. Rs. 35,04,74,495/-)
- v. The Company has cleared 19 MT of Pentaerythritol against Bill of Entry No. 616414 dated 20.10.2005. The custom department had asked the Company to pay Rs. 2,16,772/- on account of Anti Dumping Duty for clearance of the

said goods as per Notification No. 93/2005 of customs issued on 20.10.2005 wherein the said goods were covered for levy of anti dumping duty imported from certain countries. The Company has deposited the said amount on 25.11.2008 as per CESTAT order No. S/603/WAB/MUM/2008/CSTB/CII dated 20.10.2008, but no provision has been made in books of accounts as the management is of the view that the consignment will not be covered under the notification, as on date of clearance of the goods the notification was not published in Gazette of India.

- vi. The company has imported certain raw materials during the earlier years of which the supplies being defective have been disputed by the Company with the suppliers and accordingly payment has not been made to the suppliers of Rs.79053366/- . The party has filed litigation for the same during current financial year for which the Company has not acknowledged the claim. The Company is contingently liable to pay interest & foreign exchange fluctuation impact, if any. The necessary RBI permission either for write backs or payments will be made based on the judicial decision, since the matter is sub-judice in the Bombay High Court.

28. Segment reporting

The Company is mainly engaged in the business of Manufacturing of Chemicals. Considering the nature of business and financial reporting of company, the company has only one segment viz "Chemicals" product as reportable segment. The company operates in Local/Export segment geographically of which the exports have amounted to Rs. 1428.89 Lacs (P.Y.Rs. 1793.67 Lacs) out of Total Turnover of Rs.16963.34 Lacs (P.Y.Rs.23909.66 Lacs). But due to the nature of business, the assets/ liabilities and expenses for these activities cannot be bifurcated separately.

29. In consonance with the Accounting Standards on Inventory Valuation (AS2) and Guidance Note on Accounting Treatment for Excise issued by The Institute of Chartered Accountants of India, the Company has provided for liability of excise duty payable on finished goods amounting to Rs.256.76 Lacs (P.Y. Rs.156.82 Lacs).

30. Earnings per share (EPS)

| Sl. No. | Description | 31 st March 2016 | 31 st March 2015 |
|---------|--|-----------------------------|-----------------------------|
| a) | Weighted average number of equity Shares of Rs.10/- each | | |
| | a) Number of shares at the Beginning of the year | 90,52,680 | 90,52,680 |
| | ii) Number of shares at the End of the year | 90,52,680 | 90,52,680 |
| | Weighted average number of Equity Shares – Basic | 90,52,680 | 90,52,680 |
| | Weighted average number of Equity Shares – Diluted | 90,52,680 | 90,52,680 |
| b) | Net profit after tax available for Equity share-holders | (7,17,44,046) | 42,011,622 |
| c) | - Basic Earnings per Equity Share (in Rupees) | (11.27) | 4.64 |
| | - Diluted Earning per Equity Share (in Rupees) | (11.27) | 4.64 |

31. Related parties' disclosure as per Accounting Standard 18.

[A] Key Management Personal (KMP) and their Relatives.

| | |
|---------------------------|-----------------------------|
| Kamalkumar R. Dujodwala | Chairman |
| Pannkaj R. Dujodwala | Managing Director |
| Akshay Dujodwala | Son of Chairman |
| Mrs. Manisha P. Dujodwala | Spouse of Managing Director |
| Mrs. Alka K Dujodwala | Spouse of Chairman |

[B] Companies /Firm controlled by the Directors & their relatives who have the authority for controlling their activities.

- Balaji Pine Chemicals Ltd
- Speciality Chemicals
- Dujodwala Resin & Terpenes Ltd.
- Indo-Euro Securities Ltd.
- Dujodwala Exports Pvt. Ltd.
- Inspirations.
- Dujodwala Charities
- Pine Forest Products & Investment Pvt. Ltd.

The Directors are the Key Management Personal (KMP) who have the authority for controlling the activities of the Company.

[C] Information on related party transactions as required by accounting Standard-18 for the year ended on 31-03-2016.

| Nature of transactions | Relationship | Total Rs. In Lakhs | |
|------------------------|--------------------------|--------------------|--------------|
| | | 2015-16 | 2014-15 |
| Remuneration | | | |
| Kamal Dujodwala | Key management personnel | 12.00 | 12.00 |
| Pannkaj Dujodwala | Key management personnel | 12.00 | 12.00 |
| Akshay Dujodwala | Key management personnel | 06.00 | 05.50 |
| TOTAL | | 30.00 | 29.50 |

| Nature of transactions | Relationship | Nature | Amount in Lakhs | |
|---|--------------|--------------------------|-----------------|---------------|
| | | | 2015-16 | 2014-15 |
| Net Loans & Advances, Deposits given / Returned | | | | |
| Dujodwala Resins & Terpenes Ltd | Associates | Rent Deposit | 500.00 | 500.00 |
| Dujodwala Resins & Terpenes Ltd | Associates | Adv. For Service charges | (30.98) | 77.30 |
| Inspirations | Associates | Adv. For service charges | -- | 2.89 |
| Total | | | 469.02 | 580.19 |

| Nature of transactions | Relationship | Total Rs. In Lakhs | |
|---------------------------------|--------------|--------------------|---------|
| | | 2015-16 | 2014-15 |
| Revenue from operations | | | |
| Dujodwala Resins & Terpenes Ltd | Associates | 102.94 | 231.13 |

Note: - Related party relationship is as identified by the Company and relied upon by the Auditors.

32. Disclosure in accordance with Revised AS - 15 on "Employee Benefits"

The Company has classified the various benefits provided to employees as under:-

(i) **Defined Contribution Plans**

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| Employers Contribution to Provident Fund | 24,25,903 | 23,02,732 |

(ii) **Defined Benefit Plan
Gratuity Fund:**



| a. Major Assumptions | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--|--|
| | (% p.a.) | (% p.a.) |
| Discount Rate | 7.85 | 9.15 |
| Expected Rate of Return on Plan Assets | 8.00 | 8.00 |
| Salary Escalation Rate | 5.00 | 5.00 |
| Attrition Rate | 2.00 | 2.00 |
| @ The estimates for the future salary increases considered takes into account the Inflation, seniority, promotion and other relevant factors. | | |
| b. Change in the Present Value of obligation | | |
| Present Value of Obligation as at 1 st April-15 | 11,610,865 | 93,63,322 |
| Current Service Cost | 9,47,419 | 15,63,614 |
| Interest Cost | 8,14,737 | 7,71,943 |
| Benefit Paid | (24,64,089) | (18,53,575) |
| Actuarial Loss on Obligations | 2,07,284 | 17,65,561 |
| Present Value of Obligation as at 31 st March-2016 | 11,116,216 | 11,610,865 |
| C. Change in Fair Value of Plan Assets. | | |
| Present Value of Plan Assets as at 1 st April 2015 | -- | -- |
| Expected Return on Plan Assets | -- | -- |
| Actuarial (Loss) on Plan Assets | -- | -- |
| Contributions | 24,64,089 | 1853575 |
| Benefits paid | (24,64,089) | (1853575) |
| Present Value of Plan Assets as at 31 st March 2016 | -- | -- |
| d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets | | |
| Present value of Funded Obligation as at March 31, 2016 | 11,116,216 | 11,610,865 |
| Fair Value of Plan Assets as at March 31, 2016 | -- | -- |
| Funded Status | (11,116,216) | (11,610,865) |
| Present Value of Unfunded Obligation as at March 31, 2016 | 11,116,216 | 11,610,865 |
| Unfunded Net Liability Recognised in the Balance Sheet Disclosed in long term provisions | 11,116,216 | 11,610,865 |
| e. Amount Recognised in the Balance Sheet | | |
| Present Value of Obligation as at March 31, 2016 | 11,116,216 | 11,610,865 |
| Fair Value of Plan Assets as at March 31, 2016 | -- | -- |
| Liability Recognised in the Balance Sheet and disclosed under long term provisions | 11,116,216 | 11,610,865 |
| f. Expenses Recognized in the Statement of Profit and Loss | | |
| Current Service Cost | 9,47,419 | 15,63,614 |
| Interest Cost | 8,14,737 | 7,71,943 |
| Expected Return on Plan Assets | -- | -- |
| Net Actuarial Losses Recognised in the Statement of Profit and Loss | 2,07,284 | 17,65,561 |
| Total expenses Recognised in the Statement of Profit and Loss | 19,69,440 | 41,01,118 |
| Actual Return on Plan Assets | Nil | Nil |

iii) **Defined Benefit Plan for Leave Encashment Benefits**

a) The following assumptions are made by the actuary for the calculation of leave Encashment Benefits:

Valuation Basis

- i. Mortality rate : IALM (2006-08) Ultimate Table
- ii. Discount rate : 7.85% p.a.
- iii. Salary Escalation : 5% p.a.
- iv. Withdrawal Rate : 2% p.a.

Valuation Method

- i. The method of Valuation adopted was the Projected Unit Credit Method as specified in AS-15 (Revised 2005) of I.C.A.I.
- ii. A suitable allowance has been made for availment of leave during the future service of employees.
- iii. The computation of Leave liability is based on the basis of the data and information furnished by the Company. A summary of data is given below :

No. of Employees : 216
Total Monthly Basic Salary : Rs. 22,22,619 Leave Balances : 5819 days

Valuation Results

Actuarial Value of Leave Encashment

Benefits as on 31st March, 2016 in respect of 216 Employees of the Company **Rs. 11,95,631/-**

BREAK-UP OF ABOVE : Current Liability Rs. 1,25,498/-
Non Current Liability Rs. 10,70,133/-

33. **Expenditure in Foreign Currency on account of**

| | Current Year (Rs. In lacs) | Previous Year (Rs. In lacs) |
|-----------------------------|-------------------------------|--------------------------------|
| - Raw Material (CIF) | 9694.24 | 13037.00 |
| - Traveling Expenses | -- | 11.18 |
| - Purchase of Trading Goods | 84.10 | 562.11 |

34. **Earning in Foreign Currency on Account of**

| | Current Year (Rs. In lacs) | Previous Year (Rs. In lacs) |
|---------------------------|-------------------------------|--------------------------------|
| Exports made on FOB Basis | 1273.61 | 1713.58 |

35. No provision for current taxation is made for the current accounting period (reporting period) in accordance with Income Tax Act 1961 for relevant assessment year, in view of losses.

36. In the opinion of the management, there is no impairment of assets in accordance with Accounting Standard (AS-28) as on Balance Sheet date.

37. The balance of Sundry Debtors, Sundry Creditors, Loans & Advances and others are shown net of advances from/to Customers/Suppliers of the same party and are as per books and subject to confirmations and reconciliation if any.



38. In the opinion of the Board and to the best of their knowledge the value of realization of current assets, loans & advances in the ordinary course of business, would not be less than the amount at which they are stated in the Balance Sheet.
39. Previous year figures have been regrouped, rearranged and reclassified, wherever necessary, to conform to current year's presentation.
40. With the major fire in Companies plant during first quarter of the F.Y. 2015-16, there was a loss of inventory of Rs. 3059.51 Lakhs and to that extent inventory has been written off.
41. The Company has initiated the CSR spending in accordance with section 135 of the Companies Act 2013, though the full required amount as per the provisions was not spent during the year. The Company has, since close of the year further initiated various objectives for full spending during the next year as per CSR provisions.
42. During the previous year amount of Rs. 292.70 Lakhs has been taken as insurance claim receivable but of which the final settlement with the insurance Company is done for Rs. 64.19 Lakhs and balance amount of Rs. 228.51 has been written off during the current year.
43. There was major fire in the Companies plant at Kumbhivali in the first quarter of financial year 2015-16, for which claim of Rs. 30.60 crore was lodged with the insurance company. Out of this claimed amount, Company has received Rs. 24 Lakhs in 4th quarter of F.Y. 2015-16. Further management is confident of expediting and settling balance claim amount from the insurance Company and virtual certainty of the claim lodged the amount of Rs. 30.36 crore as insurance claim receivable is taken as other income in the profit and loss account.
44. The Balance-sheet of the Company has been prepared as per schedule III of the Companies Act, 2013.

AS PER ANNEXED REPORT OF EVEN DATE

For R Kabra & Co.
CHARTERED ACCOUNTANTS
Sd-
Deepa Rathi
PARTNER
Mem. No. 104808
FRN. 104502W

For and on behalf of Board of Directors

Sd-
Kamalkumar Dujodwala
Chairman

Sd-
Pannkaj Dujodwala
Managing Director

Place : Mumbai
Dated: 26th April, 2016



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016.

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit Before Tax | (73,088,580) | 68,458,216 |
| Adjustment For : | | |
| Depreciation | 53,010,088 | 61,699,281 |
| Interest Income | (3,189,637) | (2,649,321) |
| Dividend received | (3,750) | (2,500) |
| Interest | 64,441,897 | 58,111,652 |
| Loss on sale of fixed assets & Loss by fire | 96,311,047 | 303,016 |
| Operating Profit before working capital changes | 137,481,066 | 185,920,344 |
| Adjustment For : | | |
| Trade & Other Receivables | (134,524,734) | 3,629,805 |
| Inventories | 212,854,370 | (106,935,702) |
| Trade and other Payables | (98,446,667) | (72,132,481) |
| Cash generated from operations | 117,364,034 | 10,481,966 |
| Income tax Paid | -- | (11,000,000) |
| Net Cash from Operating Activities - I | 117,364,034 | (518,034) |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (19,635,733) | (83,758,820) |
| Interest Income | 3,189,637 | 2,649,321 |
| Dividend Received | 3,750 | 2,500 |
| Sale of Fixed Assets | 172,500 | 600,000 |
| Net Cash used in Investing Activities - II | (16,269,846) | (80,506,999) |
| C. Cash Flow from financing activities | | |
| Proceeds from conversion of warrants into equity shares | -- | 304,000 |
| Proceeds from Short Term Borrowings | (197,812,749) | 85,080,018 |
| (Repayment)/ proceed of/ from long term borrowings | 140,531,154 | 62,710,397 |
| Interest Paid | (64,441,897) | (58,071,096) |
| Payment of sales tax deferement | -- | (3,816,769) |
| Net cash used in financing activities - III | (121,723,493) | 86,206,551 |
| Net Increase in Cash and Cash Equivalents | (20,629,305) | 5,181,519 |
| Opening balance of cash & cash equivalents | 51,665,788 | 46,484,269 |
| Closing balance of cash & cash equivalents | 31,036,484 | 51,665,788 |

Notes:

1. Cash & cash equivalents represents cash and bank balances.
2. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
3. Proceeds from Long Term and Short Term borrowings are shown net of Repayments.
4. Previous year's figures have been regrouped where necessary to conform to the year's classification.
5. Figures in brackets represents Cash Outflow.

As per our Report of Even date
For **R. KABRA & COMPANY**
Chartered Accountants
Deepa Rathi (Partner)
Mem. No. 104808 / FRN. 104502W
Place : Mumbai
Dated: 26th April, 2016.

For and on behalf of Board of Directors

Sd-
Director

Sd-
Director



MANGALAM ORGANICS LIMITED

Regd. Office Kumbhivali Village, Savroli Kharpada Road, Taluka Khalapur, Khopoli-410 202. Dist. Raigad (M.S.)

PROXY FORM

DPID** : _____

CLIENT ID: _____

FOLIO NO. : _____

No. of Shares held: _____

I/We of in the District of being a member / members of MANGALAM ORGANICS LIMITED hereby appoint Shri/Smt..... of in the District of or failing him Shri/Smt ... of In the District of as my/our proxy to attend and vote for me/us on my/our behalf at the 34th Annual General Meeting of the Company to be held on Friday, 30th September, 2016 at 11.00 a.m. at the Company's Regd. Office at Kumbhivali Village, Savroli Kharpada Road, Taluka Khalapur, Khopoli-410 202. Dist. Raigad, Maharashtra.



Signed

Date

Notes:

1. The instrument of proxy form shall be deposited at the Regd. Office of the Company not less than 48 hours before the commencement of the meeting. A proxy need not be member.

** Applicable to the members whose shares are held in dematerialized form.

MANGALAM ORGANICS LIMITED

Regd. Office Kumbhivali Village, Savroli Kharpada Road, Taluka Khalapur, Khopoli-410 202. Dist. Raigad (M.S.)

ATTENDANCE SLIP

DPID** : _____

CLIENT ID: _____

FOLIO NO. : _____

No. of Shares held: _____

Name of the Member :

Name of the Proxy (to be filled if the proxy attends :
Instead of the Member.

I hereby record my presence at the 34th Annual General Meeting being held on Friday, 30th September, 2016 at 11.00 a.m. at Company's Regd. Office at Kumbhivali Village, Khalapur, Khopoli-410 202. Dist. Raigad, (M.S.)

Notes :

Member/Proxy Signature.

1. To be signed at the time of handing over this slip.

** Applicable to the members whose shares are held in dematerialized form.

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The logo for Mangalam features the word "mangalam" in a stylized, lowercase font. The letter 'a' is replaced by a flame-like symbol. A registered trademark symbol (®) is positioned to the upper right of the word.

MANGALAM ORGANICS LIMITED

812, Tulsiani Chambers,

Nariman Point,

Mumbai – 400 021.

India.