

LAKHOTIA POLYESTERS (INDIA) LIMITED

12th ANNUAL REPORT
2016-17



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CORPORATE INFORMATION

BOARD OF DIRECTORS

- Mr. Madhusudan Lakhotia Managing Director
- Mrs. Jayshree Lakhotia Executive Director
- Mr. Ashok Kumar Khajanchi Executive Director
- Mr. Sajan Choudhary Non – Executive & Independent Director
- Mr. Shailesh Mistry Non – Executive & Independent Director
- Mr. Anil Patodia Additional Director Independent Category

KEY MANAGERIAL PERSONNEL

- Mr. Madhusudan Lakhotia Chairman and Managing Director
- Mr. Vivek Rathi Chief Financial Officer and Compliance Officer

BOARD COMMITTEES

- **AUDIT COMMITTEE**
Mr. Sajan Choudhary- Chairman
Mr. Shailesh Mistry- Member
Mr. Madhusudan Lakhotia- Member
- **NOMINATION AND REMUNERATION COMMITTEE**
Mr. Shailesh Mistry- Chairman
Mr. Sajan Choudhary- Member
Mr. Anil Patodia - Member
- **STAKEHOLDERS RELATIONSHIP COMMITTEE**
Mr. Shailesh Mistry- Chairman
Mr. Sajan Choudhary- Member
Mr. Anil Patodia - Member

BANKERS

- Union Bank of India
- ICICI Bank

STATUTORY AUDITORS

M/s Sabadra & Sabadra, Chartered Accountants



SECRETARIAL AUDITORS

M/s. R.M. Mimani & Associates, Company Secretaries

INTERNAL AUDITORS

Mr. V B Rathi

REGISTRAR AND TRANSFER AGENT

Sharex Dynamic (India) Private Limited

Luthra Ind Premises,

Unit-1, Safeed Pool,

Andheri Kurla Road, Andheri East,

Mumbai 400 072

Contact No: 022 - 28515606, 28515644

Email : sharexindia@vsnl.com, Website : <http://www.sharexindia.com>

REGISTERED OFFICE AND CONTACT DETAILS AND WEBSITE

LAKHOTIA POLYESTERS (INDIA) LIMITED

158/159 SamarathaSahkariAydyogikVasahat Ltd.

Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209

Tel: +91 2550-252300 Fax: +91 2550-252300

Website: www.lakhotiapoly.in Email: info@lakhotiapoly.in

CIN : L17120MH2005PLC155146



LETTER TO THE SHAREHOLDERS

Dear Shareholders,

It gives me immense pleasure to present the Annual Report for 2016-17 for **LAKHOTIA POLYESTERS (INDIA) LIMITED**.

While Your Company is in its 12th year of operations, the outlook for 2017-18 is positive. I would like to take this opportunity to thank each and every employee as well as those who work with us across the value chain for their unstinting support and hard work in the service of our Company. I would also like to thank you, our shareholders, for your continued trust in the business and look forward to the same in the next fiscal year.

Best Regards

Madhusudan Lakhotia
Chairman



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 12th Annual General Meeting of the members of **LAKHOTIA POLYESTERS (INDIA) LIMITED** will be held on Saturday, 30th September, 2017 at 11.30 a.m. at 158/159 Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2017 including audited Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Jayshree Lakhotia (holding DIN 05357609), who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible offers herself for reappointment.
3. Ratification of the appointment of M/s Sabadra & Sabadra, Chartered Accountants Statutory Auditors:

“RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the Companies (Audit and Auditors) Rules, 2014 (“Rules”) (including any statutory modification or re-enactment thereof, for the time being in force) and pursuant to the resolution passed by Members at the Tenth annual General Meeting appointing M/s Sabadra & Sabadra, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 14th Annual General Meeting of the Company to be held in the year 2019, the Company hereby ratifies and confirms the appointment of M/s Sabadra & Sabadra, as Statutory Auditors of the Company for the financial year ending 31st March, 2018 on such remuneration as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.”

SPECIAL BUSINESS:

4. Regularisation of Additional Director Mr. Anil Patodia

“RESOLVED THAT pursuant to Sections 160 & 161 of the Companies act, 2013 and any other applicable provisions if any , Mr. Anil Patodia, who was appointed as an Additional Director on January 17, 2017 be and is hereby appointed as Independent Director of the Company who is not liable to retire by rotation in terms of Section 149(4), (10) & (11) and 152(6)(e) of the Companies Act, 2013 to hold office for a term of five years w.e.f 25th August, 2017”.

RESOLVED FURTHER THAT Mr. Madhusudhan Lakhotia Managing Director of the Company, be and are hereby severally authorised to file relevant forms with the Registrar of companies, Mumbai, and to do such other acts, deeds and things as may be considered necessary in connection with the above appointment”.



NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. If a Proxy is appointed for more than fifty Members, the Proxy shall choose any fifty Members and confirm the same to the Company not later than 48 hours before the commencement of the meeting. In case, the Proxy fails to do so, the first fifty proxies received by the Company shall be considered as valid. The instrument of Proxy, in order to be effective, should be deposited, either in person or through post, at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
2. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified true copy of the relevant Board of Directors resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
3. The Register of Members and the Share Transfer books of the Company will remain closed from September 24, 2017 to September 30, 2017 (both days inclusive) for the purpose of the Annual General Meeting.
4. Details as required in Regulation 36(3) of the Listing Regulations, in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Requisite declarations have been received from the Directors seeking appointment / re-appointment.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s). Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form, upon request.
6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.
7. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased



to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means by Central Depository Services (India) Limited (CDSL).

8. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 22nd September, 2017, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting).
9. The remote e-voting period will commence at 9 a.m. on Wednesday, 27th September, 2017 and will end at 5 p.m. on Friday, 29th September, 2017. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM.
10. The Company has appointed Mrs. Monika Kothari (M. S. Kothari & Associates) Practising Chartered Accountant (Membership No. 137777), to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.
11. Notice of the 12th Annual General Meeting and the Annual Report will also be available on the Company's website www.lakhotiapoly.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: info@lakhotiapoly.in
12. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against , if any, forthwith to the Chairman of the Company.
13. The Results declared along with the Scrutinizer's report shall be placed on the company's website www.lakhotiapoly.in immediately after the declaration of result by Chairman of the Company and the same will be communicated to the BSE Limited.
14. All documents referred to in the accompanying Notice and Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

15. VOTING BY ELECTRONIC MEANS

The instructions for shareholders voting electronically are as under:



- (i) The voting period begins on September 27, 2017 (9:00 am) and ends on September 29, 2017 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 22, 2017, 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 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. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio



number in the Dividend Bank details field as mentioned in instruction (iv)
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- (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 “Lakhotia Polyesters (India) Limited” on which you choose to vote.
- (xiii) EVSN No for E-voting is 170908040
- (xiv) 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.
- (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xvi) 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.
- (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xix) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (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 Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.



- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (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.

By Order of the Board of Directors
Sd/-
Madhusudan Lakhotia
(Managing Director)

Place: Nashik

Date: September 04, 2017

Regd. Office: 158/159 SamarthaSahkariaudyogik
Vasahat Ltd, Pimpal- Gaon (Baswant)
Tal NiphadDistNashik – 422209



EXPLANATORY STATEMENT

ITEM NO.4

The Board at its meeting held on January 17, 2017 appointed Mr. Anil Patodia as additional director with effect from such Board meeting date pursuant to Section 161 of the Companies Act, 2013 . Hence, he will hold office up to the date of the ensuing \annual General Meeting.

The Company has received consent in writing to act as director in Form DIR 2 and intimation in Form DIR8 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that they are not disqualified under sub- section (2) of section 164 of the Companies Act, 2013.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail his services as Independent Director. Accordingly, the Board recommends the resolution No.4, in relation to appointment of Mr. Anil Patodia as Independent Directors, respectively, for the approval by the shareholders of the Company.

By Order of the Board of Directors

Sd/-

Madhusudan Lakhotia
(Managing Director)

Place: Nashik

Date: September 04, 2017

Regd. Office: 158/159 SamarthaSahkariaudyogik
Vasahat Ltd, Pimpal- Gaon (Baswant)
Tal NiphadDistNashik – 422209



PROFILE OF DIRECTOR

(Seeking Appointment / Re-appointment)

ANNEXURE TO ITEM NOS. 2 and 5 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General meeting

Name of Director	Mrs. Jayshree Lakhotia	Mr. Anil Patodia
Date of Birth	October 03,1982	07/01/ 1978
Nationality	Indian	Indian
Date of First Appointment	July 24, 2012	17/01/2017
Qualifications	Bachelor of Commerce from Maharshi Dayanand Saraswati University, Ajmer.	Service
Expertise in specific functional Areas	Day to day Management Process	Nil
No. of Shares held in the Company (as on March 31, 2017)	1,55,064	NIL
List of Directorships held in other Companies	-	-
Chairman/Member in the Committee of the Boards of Companies in	-	-
Terms and Conditions of Appointment/re-appointment	Section 152 and other applicable provisions of Companies Act, 2013	Section 149 and other applicable provisions of Companies Act, 2013
Remuneration paid (Paid in the last year)	Rs. 2,40,000	NIL
Relationship with other Directors	Wife of Mr. Madhusudan Lakhotia, Managing Director	NIL
No. of Board Meetings attended in FY 2016-17	Nine Board Meeting were attended by Mrs. Megha Chandawalla as mentioned below:- 1. January 17, 2017 2. February 12, 2017 3. December 29, 2016	Two Board Meeting were attended by Mr. Anil Patodia as mentioned below:- 1. January 17, 2017 2. February 12, 2017



4. November 11, 2016
5. September 06, 2016
6. August 17, 2016
7. August 10, 2016
8. June 20, 2016
9. May 27, 2016



ROUTE MAP TO THE AGM VENUE



Address:

LAKHOTIA POLYESTERS (INDIA) LIMITED

158/159 Samartha Sahkariaudyogik Vasahat Ltd,
Pimpal- Gaon (Baswant) Tal Niphad Dist Nashik,
Maharashtra- 422209



DIRECTORS REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

**To,
The Shareholders,
Lakhotia Polyesters India Limited**

Your Directors are pleased to present the 12th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017.

1. FINANCIAL SUMMARY OR HIGHLIGHTS / PERFORMANCE OF THE COMPANY

The Board's Report shall be prepared based on the stand alone financial statements of the Company.

Particulars	FINANCIAL YEAR	
	2016-17	2015-16
Total Income	1,72,49,1621	22,73,18,607
Less: Expenditure	16,43,74,043	22,00,60,778
Profit Before Finance Cost, Depreciation & Tax	81,17,578	72,57,829
Less: Finance Cost	58,57,130	50,31,700
Less: Depreciation	15,23,009	15,53,864
Net Profit Before Tax & Extraordinary Item	7,37,439	6,72,265
Less: Extraordinary Item	0	(1,46,30,000)
Less :Tax Expense	3,67,095	2,67,611
Net Profit After Tax	3,70,344	(1,42,25,346)

2. BRIEF DESCRIPTION OF THE COMPANY'S OPERATIONS DURING THE YEAR/STATE OF COMPANY'S AFFAIR

During the current period of operation, your company has shown a decrease in the revenue to the extent of 31.78 % from Rs.22.73 crores during FY 2015-16 to Rs. 17.25 crores during FY 2016-17. Profit after Tax of the company has become positive to Rs. 3.70 lakhs during FY 2016-17 as compared to Rs.(142.25) Lakhs during FY 2015-16.

3. FINANCIAL YEAR

This report of Directors along with its Annexure, Management Discussion and Analysis, Corporate Governance Report, Financial Statements along with their Notes are prepared for the period April 01, 2016 to March 31, 2017 (a period of 12 months). Pursuant to the provisions of Section 2(41) of the Companies Act, 2013, a 'financial year' in relation to the Company means the period ending on the 31st day of March every year, in respect whereof financial statement of the Company is made.

Your Company is in compliance with the provisions of the Companies Act, 2013.

4. DIVIDENDS

The Company has decided to sustain the growth in line with the long term growth objectives of the Company by retaining the profits and utilizing the same for opportunities in hand, therefore the company does not recommended any dividend.

5. SHARE CAPITAL

During the period April 01, 2016 to March 31, 2017, during the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity and there is no change in the Issued, Subscribed and paid up share Capital of Company. The Share Capital Audit as per the directives of the Securities and Exchange Board of India (SEBI) is being conducted by Ranjana Mimani & Associates, Practicing Company Secretaries. The paid up Share Capital of the

Company stands at Rs. 10,47,39,880/- (Rupees Ten Crores Forty Seven Lakh Eighty Thirty Nine Thousand and Eight Hundred and Eighty Only).

6. RESERVES

No amount has been transferred by the Company to Reserves during the year.

7. PUBLIC DEPOSITS

The Company has neither invited nor accepted any public deposits during the period under review.

8. SUBSIDIARY AND ASSOCIATE COMPANIES

As on March 31, 2017, the Company has Shatrunjaya Estates Private Limited as Associate Company.

9. CONSOLIDATED FINANCIAL STATEMENT

The Company is not required to consolidate its financial statements in terms of provisions of Companies Act, 2013 and rules thereunder.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

- In accordance with the provisions of the Section 152 Companies Act, 2013 read with applicable Rules, if any, Mrs. Jayshree Lakhotia (holding DIN 05357609), retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. As per the provisions of the Companies Act, 2013, Independent Directors have been appointed for a period of five years and shall not be liable to retire by rotation. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-election.
- Mr. Madhusudhan Lakhotia is the Managing Director of the Company and Mr. Vivek Rathi is the Chief Financial Officer and Compliance Officer of the Company.
- Mr. Anil Patodia additional director (Independent Non Executive) of the Company holds office upto the date of this AGM is eligible, recommended for appointment as Independent Director of the Company for a period of five years.
- The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013.
- The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees, forms part of the Corporate Governance Report of this Annual Report.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Board of Directors of the Company confirm that—

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation and there are no material departures from the same;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the

state of affairs of the company at the end of the financial year viz. March 31, 2017 and of the profit and loss of the company for that period;

- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2016-17, the Board of Directors of the Company met on January 17, 2017, February 12, 2017, December 29, 2016, November 11, 2016, September 06, 2016, August 17, 2016, August 10, 2016, June 20, 2016, May 27, 2016.

Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), 2015 entered into by the company with the Stock Exchanges. All the Board members and the senior management personnel have affirmed compliance with the Code of Conduct during the year ended on 31st March, 2017.

13. COMMITTEES OF THE BOARD

- 1. Audit Committee
- 2. Nomination and Remuneration Committee
- 3. Stakeholders' Relationship Committee

Details of Committee and their meetings are detailed in Corporate Governance Report.

14. BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

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

16. CONSERVATION OF ENERGY, TECHNICAL ABSORPTION, FOREIGN EXCHANGE EARNING:

(A) Conservation of Energy

Your company is continuously taking initiatives to ensure optimum utilization of energy available in day to day operations. Your company uses energy efficient lighting devices, light

fittings to save energy, capacitor bank/devices to maintain power factor which are environment and power efficient.

(B) Technology Absorption

Your company is doing its business by ensuring optimum utilisation of its available resources. Your company has not taken any research & development activity so far.

(C) Foreign Exchange Earnings and Outgo

The Company has not incurred in foreign currency during the financial year 2016-17.

17. VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company www.lakhotiapoly.in.

18. NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members.

19. CORPORATE SOCIAL RESPONSIBILITY :

The Company has not developed and implemented any Corporate Social Responsibility initiatives as provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

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.

21. ADEQUACY OF INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems for the business processes in respect of all operations, financial reporting, compliance with laws and regulations etc. The management information system forms an effective and sound tool for monitoring and controlling all operating parameters. Regular internal audits ensure that responsibilities are executed effectively. The Audit Committee reviews the adequacy of internal controls on regular basis.

22. CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company, which is available on website of the company. The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended March, 31, 2017.

23. DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

All the Independent Non-Executive Directors of the Company viz. Mr. Sajan Choudhary, Mr. Shailesh Mistry, and Mr. Anil Patodia have submitted the declaration of independence as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

24. STATUTORY AUDITORS

M/s Sabadra & Sabadra, Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 2015 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

25. EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report as **Annexure I**.

26. NOMINATION AND REMUNERATION COMMITTEE

The Company follows a policy on “Nomination and Remuneration of Directors, Key managerial Personnel and Senior Management”. The policy is approved by the Nomination & Remuneration Committee and the Board. More details on the same are given in **Annexure II**.

27. RELATED PARTY TRANSACTIONS

Form AOC-2 as required under the Companies Act, 2013 for related party transaction is annexed as **Annexure III** to the Directors Report.

28. SECRETARIAL AUDITORS

The Board of Directors have appointed M/s. R. M. Mimani & Associates as Secretarial Auditors to conduct Secretarial Audit for the Financial Year 2016-17.

The Secretarial Audit Report issued by M/s. R. M. Mimani & Associates, Company Secretaries in Practice is self-explanatory and does not call for further comments. The Secretarial Audit Report and Management reply on the qualifications stated in the said Report forms a part of Directors Report in **Annexure IV**.

29. AUDIT COMMITTEE

The composition of Audit Committee is as follows:

Name of Directors	Designation in Committee	Category
Mr. Sajan Choudhary	Chairman	Non-Executive and Independent
Mr. Shailesh Mistry	Member	Non-Executive Independent
Mr. Madhusudan Lakhotia	Member	Chairman & Managing Director

During the Financial Year 2016-17, Audit Committee met 4 times on May 27, 2016, August 10, 2016, November 08, 2016 and January 17, 2017. All the recommendations made by the audit committee were accepted by the board.

Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013, Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the company with the Stock Exchanges.

30. BUSINESS RISK MANAGEMENT

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company’s competitive advantage. The business

risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business. The Company has adopted risk management policy.

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

The Company has always believed in providing a safe and harassment free workplace for every individual through various interventions and practices.

The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment. 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 & 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. No complaints were received by the company during the year for sexual harassment.

In order to build awareness in this area, the Company has been conducting programmes in the organisation on a continuous basis.

32. PARTICULAR OF EMPLOYEES

Particulars of employees as required u/s 134 of the Companies Act, 2013 are not annexed since there are no employees drawing remuneration of more than Rs. 60,00,000/- per annum during the year under review, if employed for full year or more than Rs. 5,00,000/- per month, if employed for part of the year.

Further the information required pursuant to Section 197 of the Companies Act, 2013 (the Act) read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Compliance Officer in this regard.

33. GOODS AND SERVICE TAX

Goods and Services Tax (GST) is a landmark reform which will have a lasting impact on the economy and on businesses. Implementation of a well-designed GST model that applies to the widest possible base at a low rate can provide significant growth stimulus to the business and contribute to the Prime Minister's mission of 'Make in India'. While there are a few areas that need to be addressed, the Government has announced an intention to go live on GST on 1st July, 2017 and your Company will be ready for this transformative reform.

34. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report under requirements of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, forms part of this Annual Report for the year ended 31st March 2017.

35. CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance and adhere to corporate governance requirement set out by SEBI. The report of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral

part of the report. The Compliance certificate from the auditors or practicing Company Secretaries regarding compliance of conditions of corporate governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be annexed with the report.

36. VIGIL MECHANISM

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee. The Vigil Mechanism / Whistle Blower Policy has been uploaded on the Company's Website i.e. www.lakhotiapoly.in

37. CAUTIONARY STATEMENT

Statements in the Annual Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

38. INTERNAL FINANCIALS CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses were observed.

39. HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invest in attraction, retention and development of talent on an on-going basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement. The Human Resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the organisation. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline.

40. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

41. DISCLOSURE ABOUT COST AUDIT

As per the Cost Audit Orders, Cost Audit is not applicable to the Company.

42. APPRECIATIONS AND ACKNOWLEDGMENTS

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Regulatory Authorities, Company's Bankers, Customers, Shareholders and other business constituents during the year under review. It will be your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests. The Directors also wish to place on record their appreciation for all round co-operation and contribution made by employees at all levels.

The Directors also take this opportunity to thank all Shareholders, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

**For and on behalf of the Board
LAKHOTIA POLYESTERS (INDIA) LIMITED**

**Date: September 04, 2017
Place: Nashik**

**Sd/-
Madhusudhan Lakhota
(Managing Director)**

**Sd/-
Jayshree Lakhota
(Executive Director)**

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE I

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
[As on financial year ended on 31.03.2017]**

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L17120MH2005PLC155146
2.	Registration Date	05/08/2005
3.	Name of the Company	LAKHOTIA POLYESTERS (INDIA) LIMITED
4.	Category / Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered Office and Contact details	158/159 SamarathaSahkariAydyogikVasahat Ltd. Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209 Tel: +91 2550-252300, Fax: +91 2550-252300 Website: www.lakhotiapoly.in, Email: info@lakhotiapoly.in
6.	Whether listed company	Yes
7.	Name, Address & contact details of The Registrar & Transfer Agent, if any.	Sharex Dynamic (India) Private Limited Luthra Ind Premises, Unit-1, Safeed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400 072 Contact No: 022 - 28515606, 28515644 Email: sharexindia@vsnl.com, Website: http://www.sharexindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr No	Name and Description of Product or Service	NIC Code of Product/Service	% of Total Turnover of the Company
1.	17297	Mfg. Metallized Yarn	80%
2.	17121	Gery Cloth Manuf.	20%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

There are no Holding and Subsidiary company of Lakhotia Polyester India Limited till date.

Sr No	Name and Address of Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
Nil					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01 , 2016)				No. Of Shares held at the end of the year (As on March 31, 2017)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual / HUF	33,28,388	-	33,28,388	31.78	33,28,388	-	33,28,388	31.78	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	33,28,388	-	33,28,388	31.78	33,28,388	-	33,28,388	31.78	-
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01 , 2016)				No. Of Shares held at the end of the year (As on March 31, 2017)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - Market Maker	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	-	-	-	-	-	-	-	-	-
2. Non Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	66,09,061	-	66,09,061	63.10	67,51,471	-	67,51,471	64.46	1.36
(i) Indian									
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	3,77,639	-	3,77,639	3.61	1,69,529	-	1,69,529	1.62	-1.99
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	1,58,900	-	1,58,900	1.52	2,24,600	-	2,24,600	2.14	0.62
c) Others – NRI	-	-	-	-	-	-	-	-	-
d) Others – Clearing Members	-	-	-	-	-	-	-	-	-
Sub-total (B) (2)	71,45,600	-	71,45,600	68.22	71,45,600	-	71,45,600	68.22	-
Total Public Shareholding (B) = (B) (1) + (B) (2)	71,45,600	-	71,45,600	68.22	71,45,600	-	71,45,600	68.22	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,04,73,988	-	1,04,73,988	100	1,04,73,988	-	1,04,73,988	100	-

i. Shareholding of Promoters:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e April 01, 2016			Shareholding at the end of the year i.e March 31, 2017			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Madhusudan Shyamsunder Lakhotia HUF	203000	1.94	-	203000	1.94	-	-
2.	Shymasunder Dhanraj Lakhotia HUF	271376	2.95	-	271376	2.95	-	-
3.	Dhanraj Nihalchand Lakhotia	193844	1.85	-	193844	1.85	-	-
4.	Madhusudan S Lakhotia	1409380	13.46	-	1409380	13.46	-	-
5.	Shyamsunder D Lakhotia	359100	3.43	-	359100	3.43	-	-
6.	Jayshree Lakhotia	155064	1.48	-	155064	1.48	-	-
7.	Kanchandevi Shyamsunder Lakhotia	736624	7.03	-	736624	7.03	-	-
	Total	33,28,38	31.78	-	33,28,388	31.78	-	-

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

There are no changes in the Promoter's shareholding during the Financial Year 2016-17.

iii. Change in Top Ten Shareholders (Other than Directors, Promoters and Holders of ADRs and GDRs)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year i.e April 01, 2016		Cumulative Shareholding during the year i.e March 31, 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shatrunjaya Estates Private Limited	24,98,992	23.86	24,98,992	23.86
2.	Sanjoyog Trade-Link Private Limited	17,04,800	16.28	17,50,500	16.71
3.	Sanwaria Vincomm Private Limited	23,80,000	22.72	14,55,000	13.89
4.	Giza Estates Private Limited	0	0.00	10,18,610	9.73
5.	Bharat B Mishra HUF	62,500	0.60	1,24,150	1.18
6.	Vijaykumar Mukhiya	74,000	0.71	78,050	0.75
7.	Vijaylaxmi Bajaj	22,400	0.21	22,400	0.21
8.	Mahesh Kumar Rajguru	1200	0.04	15,288	0.15
9.	Punam Chand Bajaj	14,138	0.14	14,138	0.13

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year i.e April 01, 2016		Cumulative Shareholding during the year i.e March 31, 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10.	Usha Bajaj	13,600	0.13	13,600	0.13

iv. Shareholding of Directors and Key Managerial Personnel

Sr. No	For each of the Directors and KMP	Shareholding at the beginning of the year (April 01, 2016)		Cumulative Shareholding during the year (March 31, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr.Madhusudan Lakhota	14,09,380	13.46	14,09,380	13.46
2.	Mrs.Jayshree Lakhota	1,55,064	1.48	1,55,064	1.48
3.	Mr. Ashok Kumar Khajanchi	-	-	-	-
4.	Mr.Sajan Choudhary	-	-	-	-
5.	Mr.Shailesh Mistry	-	-	-	-
6.	Mr. Anil Patodia	-	-	-	-

V. INDEBTEDNESS :

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,47,51,475	84,64,503	-	4,32,15,977
ii) Interest due but not paid			-	-
iii) Interest accrued but not			-	-
Total (i+ii+iii)	3,47,51,475	84,64,503	-	4,32,15,977
Change in Indebtedness during the financial year				
- Addition	31,47,098	3,22,289	-	34,69,388
- Reduction	-	-	-	-
Net Change	31,47,098	3,22,289	-	34,69,388
Indebtedness at the end of the financial year				
i) Principal Amount	3,78,98,573	87,86,792	-	4,66,85,365
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due			-	-
Total (i+ii+iii)	3,78,98,573	87,86,792	-	4,66,85,365

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Mr. Madhusudan Lakhotia - Managing Director	Mrs. Jayshree Lakhotia - Executive Director	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,80,000.00	2,40,000.00	7,20,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others specify...	0.00	0.00	0.00
5.	Others please specify (Int)	0.00	0.00	0.00
6.	Total (A)	4,80,000.00	2,40,000.00	7,20,000.00

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Director			Total Amount
		Mr. Sajan Choudhary (Independent Director)	Mr. Shailesh Mistry (Independent Director)	Mr. Anil Patodia (Independent Director)	
1	Independent Directors - Fee for attending board committee meetings - Commission - Others please specify	15,000	15,000	-	30,000
2	Total(1)	-	-	-	-
3	Other Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify	-	-	-	-
4	Total(2)	-	-	-	-
5	Total(B)=(1+2)	-	-	-	-

6	Total Managerial Remuneration	15,000	15,000	-	30,000
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C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer	Company Secretary	Chief Financial Officer	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	3,30,000	-
	(b) Value of perquisites u/s 17(2) 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	-	-	-	-
6	Total	-	-	3,30,000	-

D. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

**For and on behalf of the Board
LAKHOTIA POLYESTERS (INDIA) LIMITED**

Date: September 04, 2017
Place: Nashik

Sd/-
Madhusudhan Lakhota
(Managing Director)

Sd/-
Jayshree Lakhota
(Executive Director)

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time.

The Board of Directors of **LAKHOTIA POLYESTERS (INDIA) LIMITED** ("the Company") re-constituted the "Nomination Committee" as "Nomination and Remuneration Committee" consisting of three (3) Non-Executive Directors of all are Independent Directors. The policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. Objective and purpose of the Policy:

OBJECTIVE:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time). The Key Objectives of the Committee would be:

- I. To guide the Board and lay down criteria in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- II. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- III. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- IV. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- V. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- VI. To devise a policy on Board diversity,
- VII. To develop a succession plan for the Board and to regularly review the plan.

The Nomination and Remuneration Policy has been formulated in order to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on May 27, 2016, August 10, 2016 and January 17, 2017.

DEFINITIONS:

- I. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- II. "Board" means Board of Directors of the Company.
- III. "Directors" mean the Directors of the Company.
- IV. "Key Managerial Personnel" (KMP) means:
 - Chief Executive Officer or the Managing Director or the Manager;
 - Whole-time director;
 - Chief Financial Officer;
 - Company Secretary; and
 - Such other officer as may be prescribed under the Act.

“Senior Management” mean personnel of the company who are members of its core management team excluding the Board of Directors and KMPs, comprising of all members of management one level below the Executive Directors including Functional Heads.

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of following Directors as on March 31, 2017:

Name of Directors	Designation in the Committee	Nature of Directorship
Mr. Shailesh Mistry	Chairman	Independent, Non-executive
Mr. Sajan Choudhary	Member	Independent, Non-executive
Mr. Anil Patodia	Member	Independent, Non-executive

The Board has the power to reconstitute the Committee consistent with the Company’s policy and applicable statutory requirement.

APPLICABILITY

The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

ROLE OF COMMITTEE:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

➤ Appointment criteria and qualifications:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. Criteria for identifying persons who are qualified to be appointed as a Directors / KMP /Senior Management Personnel of the Company:

a) Directors

Section 164 of the Companies Act, 2013 states disqualifications for appointment of any person to become Director of any Company. Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company.

b) Independent Directors

For appointing any person as an Independent Director he/she should possess qualifications as mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014

c) Senior Management Personnel and KMP

The Company has an hierarchy structure displaying positions of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the Company is to match the requirements prescribed in the hierarchy structure of the Company.

A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

➤ **Term / Tenure**

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

The maximum tenure of Independent Directors shall be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

➤ **Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly)

a) Criteria for evaluating Non-executive Board members:

Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act states that the Independent Directors shall at its separate meeting review performance of non- independent directors and the Board as a whole and the performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated.

b) Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel

Criteria for evaluating performance of KMP and Senior Management Personnel shall be as per the HR Guideline on Performance Management System and Development Plan of the Company.

➤ **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

➤ **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

The remuneration to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

SITTING FEES

Board is empowered to fix the sitting fees for the Directors; however, the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time per meeting of the Board or Committee.

COMMISSION

Commission may be paid within the monetary limit approved by shareholders; subject to the limit not exceeding 1% of the profits of the Company computed as per the provisions of Section 197 the Companies Act, 2013.

STOCK OPTIONS

An Independent Director shall not be entitled to any stock option of the Company.

MEMBERSHIP, FREQUENCY OF MEETINGS

Chairperson of the Committee shall be an Independent Director. The Committee shall consist of a minimum 3 non-executive directors. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors. The meeting of the Committee shall be held at such regular intervals as may be required.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minutised and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

COMMUNICATION OF THIS POLICY

For all Directors, a copy of this Policy shall be handed over within one month from the date of approval by the Board. This Policy shall also be posted on the web-site of the Company and in the Annual Report of the Company.

AMENDMENT

Any change in the Policy shall, on recommendation of Nominations and Remuneration Committee, be

approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

**For and on behalf of the Board
LAKHOTIA POLYESTERS (INDIA) LIMITED**

Date: September 04,2017
Place: Nashik

Sd/-
Madhusudhan Lakhota
(Managing Director)

Sd/-
Jayshree Lakhota
(Executive Director)

ANNEXURE III

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
 - a. Name(s) of the related party and nature of relationship: N.A.
 - b. Nature of contracts/arrangements/transactions: N.A.
 - c. Duration of the contracts / arrangements/transactions: N.A.
 - d. Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
 - e. Justification for entering into such contracts or arrangements or transactions: N.A.
 - f. Date(s) of approval by the Board: N.A.
 - g. Amount paid as advances, if any: N.A.
 - h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A.
2. Details of material contracts or arrangement or transactions at arm's length basis:

Name of the Concern / Person	Nature of Payment	Amount in `	Date of Approval by Board
Mr. Madhusudan Lakhotia, Director	Directors Remuneration	4,80,000/-	27-05-2016
Mrs. Jayshree Lakhotia, Director	Directors Remuneration	2,40,000/-	27-05-2016
	Interest	6,76,980/-	27-05-2016
Madhusudan Lakhotia – HUF (Director's substantial interest)	Commission	4,92,220/-	27-05-2016
	Interest	2,49,530/-	27-05-2016
Mrs. Kanchandevi Lakhotia (Director's mother)	Rent	1,80,000/-	27-05-2016
Jagdish Fabrics (Concern owned by Director's father)	Rent	60,000/-	27-05-2016
	Purchases & Job Work	4,05,797/-	27-05-2016
	Job Work (Income)	15,31,950/-	27-05-2016
Sujata Lakhotia (Director's Sister)	Salary	3,00,000/-	27-05-2016

MR-3**Secretarial Audit Report for the financial year ended on March 31, 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and the Rule 9 of the companies (Appointment and remuneration of managerial personnel) Rule, 2014]

The Members

Lakhotia Polyesters (India) Limited
Nashik

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

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

1. The Companies Act, 2013 (**the Act**) and the Rules made there-under;
2. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made there-under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there-under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company;
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. 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;
6. Other law applicable specifically to the Company, as detailed below;

- a. Water (Prevention and control of Pollution) Act, 1981
- b. Air (Prevention and Control of Pollution), Act, 1974

We have also examined compliance with the applicable clauses of the following;

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India
- (ii) The SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015
- (iii) The listing agreement entered into by the Company with Stock Exchange in India.

We report that, during the financial year under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines as mentioned above, subject to the following:

- (i) *The Company has not complied with the provisions of section 203 of the Companies Act 2013 and of regulation 6 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 with regard to the appointment of Company Secretary and Compliance officer of the Company.*
- (ii) *The Company yet to filed the of annual return for the financial year ended on March 31, 2016 as required in terms of provisions of section 92(1) and return of change in Directorship during the financial year ended on March 31, 2017.*

We further report that, there was no action/event in pursuance of;

- a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- c) The Securities and Exchange Board of India (Issue of Debt Securities) Regulations, 2008
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company and test verification on random basis carried out for compliances under other applicable Acts, Laws and Regulations to the Company

The compliance by the Company of the applicable direct tax laws, indirect tax laws and other financial laws has not been reviewed in this Audit, since the same have been subject to review by the other designated professionals and being relied on the reports given by such designated professionals.

We further report that, based on the information provided and representation made by the Company and also on the review of compliance reports taken on record by the Board of Directors of the Company, in our opinion adequate system and process exists in the company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable general laws like labour laws, competition law and environmental laws.

We further report that the Board of Directors of the Company is not duly constituted to the extent of Executive, Non-Executive and Independent Directors during the financial year. The changes in the composition of the Board of Directors of the Company during the financial year under review are not duly complied with.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally at least seven days in advance, and in view of the non-existence formal system, we are not in position to comment on existence of system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.,

As per the minutes of the meeting duly recorded and signed by the Chairman, majority decision carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there were no specific events/actions in pursuance of any of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company affairs.

**For R M MIMANI & ASSOCIATES LLP
[COMPANY SECRETARIES]**

**RANJANA MIMANI
(PARTNER)**

FCS No: 6271

CP No: 4234

Place: Mumbai

Dated: September 04, 2017

Note: This report is to be read with our letter of even date which is annexed as "Annexure A" and forms and integral part of this report.

To,
The Members
Lakhotia Polyesters (India) Limited
Nashik

Our Secretarial Audit Report of even date is to be read along with this letter;

1. Maintenance of secretarial records 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 the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company;
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc.;
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on 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.

For R M MIMANI & ASSOCIATES LLP
[COMPANY SECRETARIES]

RANJANA MIMANI
(PARTNER)

FCS No: 6271

CP No: 4234

Place: Mumbai

Dated: September 04, 2017

MANAGEMENT REPLY FOR QUALIFICATIONS MENTIONED IN THE SECRETARIAL AUDITORS' REPORT

Dear Members,

With Reference to the captioned subject matter, please find below the Management Reply to the qualifications mentioned in the Secretarial Auditors' Report.

- (i) *The Company has not complied with the provisions of section 203 of the Companies Act 2013 and of regulation 6 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 with regard to the appointment of Company Secretary and Compliance officer of the Company.*

Management Reply: The Company has given newspaper advertisement for requirement of Company Secretary in the Financial Year 2016-17. However the Company could not find suitable Candidate for the appointment. The Company is in process of appointing Company Secretary.

- (ii) *The Company yet to filed the of annual return for the financial year ended on March 31, 2016 as required in terms of provisions of section 92(1) and return of change in Directorship during the financial year ended on March 31, 2017*

Management Reply: Company has already filed Form MGT 7 for Annual Return for the financial year ended on March 31, 2016 on September 11, 2017.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview:

The company specializes in lacquered metallised polyester film which finds application primarily in the textile and apparel industry. The grade of coated polyester film produced is used extensively in the manufacture of metallic yarns.

The process of metalizing polyester or polymer films leads to a product that is glossy and shiny in its appearance. The process of metalizing involves the layering or coating of polymers with aluminum. The result is a reflective surface which reduces the vulnerability of the material to sunlight, moisture and air. Polyester coated films are available in different grades and specifications and find use across a varied number of industries from flexible packaging, shrink labels, cable insulation, and magnetic media to textiles and decorations.

Industry, Structure & Developments:

In the early days metallic yarns were limited to silver and gold variants. However, today every conceivable shade of colour is reproducible. The ability to read market trends and cater to unique shades, differentiates one company from another and determines the demand pull for metallic yarns. While the industry is fairly organized, there exist a large number of players within the metallic yarn segment. There are few companies that specialize solely in catering to the metallic yarn segment, with most players producing a large array of metallised polyester films which cater primarily to the needs of the flexible packaging industry.

Operational Performance

During the current period of operation, your company has shown a decrease in the revenue to the extent of 31.78 % from Rs.22.73 crores during FY 2015-16 to Rs. 17.25 crores during FY 2016-17. Profit after Tax of the company has become positive to Rs. 3.70 lakhs during FY 2016-17 as compared to Rs.(142.25) Lakhs during FY 2015-16.

Outlook

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 4 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US\$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US\$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC).

The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17. Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles#. The Government of India targets textile and garment sector exports at US\$ 45 billion for 2017-18. Your company is well poised to benefit from the revival of industrial activity in the Indian economy.

Risk & Concerns

The largest component of costs involved in making flexible packaging film is attributable to raw materials.

Given the volatile trend in polyesters and demand for polyesters for competing applications the pressure on input costs can be expected to fluctuate.

Adequacy of Internal Control System

The Company has adequate internal control systems for the business processes in respect of all operations, financial reporting, compliance with laws and regulations etc. The management information system forms an effective and sound tool for monitoring and controlling all operating parameters. Regular internal audits ensure that responsibilities are executed effectively. The Audit Committee reviews the adequacy of internal controls on regular basis.

Human Resource Development

The Company recognizes that its human resource is its strength in realizing its goals and objectives.

Cautionary Statement

The Statement in this Management Discussion and Analysis report, describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.

**For and on behalf of the Board
LAKHOTIA POLYESTERS (INDIA) LIMITED**

**Date: September 04, 2017
Place: Nashik**

**Sd/-
Madhusudhan Lakhotia
(Managing Director)**

**Sd/-
Jayshree Lakhotia
(Executive Director)**

CORPORATE GOVERNANCE REPORT

Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017, in terms of Regulations 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Transparency and accountability are the two basic tenets of Corporate Governance. The Company's philosophy on Corporate Governance is to achieve business excellence, enhance long term values for its stakeholders, maintaining excellent relations across all levels and proper compliance with all applicable legal and regulatory requirements. Responsible corporate conduct is integral to the way we do our business. We believe that Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. In its endeavor to achieve the higher standards of governance by adopting the best emerging practices, the Company not only adheres to the prescribed corporate governance practices in terms of the regulatory requirements but is also committed to sound corporate governance principles and practices. To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact.

2. BOARD OF DIRECTORS

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. The strength of Board of Directors is 6 (Six) as on March 31, 2017, whose composition and category is given below:

Three - Executive Directors

Three - Independent Directors

The composition of the Board also complies with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015

A. The Constitution of the Board as on March 31, 2017

The Composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which they are member/ Chairman are given below:

Sr. No.	Directors	Category	No. of Other Directorship [#]		No. of Other Committee positions	
			Public	Private	Member	Chairman
1	Mr. Madhusudan Lakhotia	Chairman and Managing Director	0	0	0	0
2	Mrs. Jayshree Lakhotia	Executive Director	0	0	0	0
3	Mr. Anil Patodia	Additional Director Independent Category	0	0	0	0
4	Mr. Sajan Choudhary	Independent Director	0	0	0	0
5	Mr. Shailesh Mistry	Independent Director	0	0	0	0
6	Mr. Ashok Kumar Khajanchi	Executive Director	0	0	0	0

[#] Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

Sr. No.	Directors	Category	No. of Other Directorship [#]		No. of Committee positions held in the company	
			Public	Private	Member	Chairman
1	Mr. Madhusudan Lakhotia	Chairman and Managing Director	0	0	1	0
2	Mrs. Jayshree Lakhotia	Executive Director	0	0	0	0
3	Mr. Anil Patodia	Additional Director Independent Category	0	0	2	0
4	Mr. Sajan Choudhary	Independent Director	0	0	2	1
5	Mr. Shailesh Mistry	Independent Director	0	0	1	2
6	Mr. Ashok Kumar Khajanchi	Executive Director	0	0	0	0

None of the Directors hold directorship in more than 20 Public Limited Companies nor is a member in more than ten committees or acts as chairman of more than 5 committees across all the companies in which they are Directors.

B. Appointment and Tenure

The Directors of the Company are appointed by Members at the General Meetings. The Managing Director of the Company is appointed for a term of five years as per the requirement of the statute. The Executive Directors on the Board have been appointed as per the provisions of the Companies Act, 1956/ Companies Act, 2013 and serve in accordance with the terms of their contract of service with the Company.

As regards the appointment and tenure of Independent Directors, following is the policy adopted by the Board:

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and Listing Regulations.
- The Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Companies Act, 2013 and Listing Regulations.

C. Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The notice of Board meeting is given well in advance to all the Directors. Meetings of the Board are held in Mumbai. The Agenda of the Board / Committee meetings is set by the Managing Director of the Company. The Agenda is circulated a week prior to the date of the meeting. The Agenda for the Board and Committee meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for the Board and Committee meetings include detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

During the Financial Year 2016-17, the Board of Directors of the Company met on January 17, 2017, February 12, 2017, December 29, 2016, November 11, 2016, September 06, 2016, August 17, 2016, August 10, 2016, June 20, 2016 and May 27, 2016.

Attendance of Each Director at the Board Meetings and the Last Annual General Meeting:

Sr. No.	Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 30.09.2016
1	Mr. Madhusudan Lakhotia	Chairman and Managing Director	9	Present
2	Mrs. Jayshree Lakhotia	Executive Director	9	Present
3	Mr. Anil Patodia	Additional Director Independent Category	9	Present
4	Mr. Sajjan Choudhary	Independent Director	9	Present
5	Mr. Shailesh Mistry	Independent Director	9	Present
6	Mr. Ashok Kumar Khajanchi	Executive Director	9	Present

D. Board Procedure

The Companies Act, 2013 read with the relevant rules made there under, now facilitates the participation of a Director in Board / Committee Meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the Meeting through video conferencing was made available for the Directors except in respect of such Meetings/Items which are not permitted to be transacted through video conferencing.

E. Board Training and Familiarisation Program

At the time of appointing a Director, a formal letter of appointment is given. The Directors are familiarised with the History, Vision and Mission of the Company and also explained in details the compliances required from them under Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and other relevant regulations. The Managing Director also has a one-to-one discussion with the newly appointed Director. The above initiative helps the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips them to effectively fulfil his role as a Director of the Company.

F. Reappointment of Directors

Mrs Jayshree Lakhotia retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment at the ensuing Annual General Meeting.

Mr. Anil Patodia additional director (Independent Non Executive) of the Company holds office upto the date of this AGM is eligible, recommended for appointment as Independent Director of the Company for a period of five years.

3. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

The Board has established the following statutory and non-statutory Committees.

a. Audit Committee

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015. The Audit Committee of the Company acts as a supervisor to the Accounting system of the Company which it reports to the Board of Directors of the Company. Members of the committee at present are:

Name of Directors	Designation in Committee	Nature of Directorship	Total Meetings Held during the Year	Meetings Attended by the Member
Mr.Sajan Choudhary	Chairman	Independent Director	4	4
Mr. Shailesh Mistry	Member	Independent Director	4	4
Mr. Madhusudan Lakhota	Member	Managing Director	4	4

During the Financial Year 2016-17, Audit Committee met on 27 May 16, 10 August 2016, 08 November 2016, 17 January 2017.

Terms of reference of the audit committee are broadly defined as under:

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015

b. Nomination & Remuneration Committee

As per Section 178 (1) of the Companies Act, 2013, Our Company has constituted a Nomination & Remuneration Committee. The members of the said committee as on March 31, 2017 are:

Name of Directors	Designation in Committee	Nature of Directorship	Total Meetings Held during the Year	Meetings Attended by the Member
Mr. Shailesh Mistry	Chairman	Independent Director	3	3
Mr. Sajan Choudhary	Member	Independent Director	3	3
Mr.Anil Patodia	Member	Additional Director Independent Category	3	3

Terms of reference of the Nomination & Remuneration Committees are broadly defined as under:

The Committee's terms of reference powers, role and functions are as stipulated under Section 178 of The Companies Act, 2013 and Regulation 19 of the Listing Regulation, which are as followed:

- I. To guide the Board and lay down criteria in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- II. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- III. To recommend to the Board on Remuneration payable to the Directors, Key Managerial

Personnel and Senior Management.

- IV. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- V. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- VI. To devise a policy on Board diversity,
- VII. To develop a succession plan for the Board and to regularly review the plan.

During the year ended 31st March, 2017, 3 Nomination & Remuneration Committee Meeting were held on the following dates : 27 May 2016, 10 August 2016, 17 January 2017

c. Stakeholders Relationship Committee –

As Companies Act, 2013 ('the Act') have come into force w.e.f April 01, 2014; pursuant to Section 178 of the Act, your Company has re-constituted Shareholders / Investors Grievances & Share Transfer Committee to "Stakeholders Relationship Committee".

The members of the committee as on March 31, 2017 are:

Name of Director	Designation in Committee	Nature of Directorship
Mr. Shailesh Mistry	Chairman	Independent Director
Mr. Sajan Choudhary	Member	Independent Director
Mr. Anil Patodia	Member	Additional Director Independent Category

Terms of reference of the Stakeholders Relationship Committee are broadly defined as under:

To resolve the complaints and grievances of the investors/stakeholders and to function in an efficient manner that all issues / concerns of stakeholders are addressed / resolved promptly.

Name, Designation and address of the Compliance Officer:

Mr. Vivek Rathi

158/159 SamarathaSahkariAudyogikVasahat Ltd.

Pimpal- Gaon (Baswant),

Tal Niphad, District Nashik,

Maharashtra- 422209

Tel: +91 2550-252300

Fax: +91 2550-252300

Email address: info@lakhotiapolym.in

Details of Shareholders' / Investors' Complaints during the FY ended 31st March 2017.

Number of Shareholders' Complaints received during the year	Nil
Number of Shareholders' Complaints resolved during the year	Nil
Number of Shareholders' Complaints Pending at the end of the year	Nil

During the year ended 31st March, 2017, 2 Committee Meetings were held on the following dates : 10 August 2016, 17 January 2017

d. Risk Management Committee

Forming Risk Management Committee is not applicable to our Company.

e. Policy on material subsidiary

Company does not have a material subsidiary and hence the Company is not required to formulate policy on material subsidiary

f. Policy on Related party transactions

The Company has not entered into any material Related Party Transaction during the year. In line with requirement of the Companies Act, 2013 and Listing Regulations. The details of the policy have been disclosed on company's website www.lakhotiapoly.in . The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length. All Related Party Transactions entered during the year were in Ordinary Course of the business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company.

g. Independent Directors' Meeting

During the year under review, the Independent Directors met inter alia, to discuss and review:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

4. Policy on Disclosure and Internal procedure for prevention of Insider Trading

Mr. Vivek Rathi, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

5. SHAREHOLDER INFORMATION

• GENERAL BODY MEETINGS:

The details of date, time and location of annual general meetings held in the last three years are as under:

Year	Date of AGM	Day	Time	Venue
2015-16	30.09.2016	Friday	10.00 AM	158/159SamarathaSahkariAudyogikVasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India
2014-15	30.09.2015	Wednesday	11.00 AM	158/159SamarathaSahkariAudyogikVasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India

- **Postal Ballot**

No resolution was passed through the postal ballot during F. Y. 2016-17

- **Annual General Meeting for the financial year 2016-17**

Date Saturday, 30th September, 2017
Venue Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant),
 Tal.- Niphad, Nashik – 422209
Time 11.30 a.m.

- **Calendar of financial year ended 31st March, 2017**

The Company follows April-March as the financial year. The company is listed on BSE SME Platform and hence the Financial Results of the company is announced half yearly as per Regulation 33(5) of SEBI (LODR) Regulations, 2015. The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2017 were held on the following dates:

First Quarter 10th August 2016
Second Quarter 11th November 2016
Third Quarter 13th February 2017
Fourth Quarter 22nd May 2017

- **Bifurcation of shares held in physical and demat form as on 31st March, 2017**

Particulars	No. of Shares	%
Physical Shares	0	0
Demat Shares		
NSDL (A)	104285	1.00
CDSL (B)	10369703	99.00
Total (A+B)	10473988	100.00
TOTAL	10473988	100.00

- **Listing Details**

Name and Address of Stock Exchange	Stock Code
BSE Limited (BSE)* Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	LAKHOTIA
ISIN	INE191O01010

The listing fee for the financial year 2016-17 has been paid to the above Stock Exchanges.

- **Share Price Data**

The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) for the year ended 31st March, 2017 are as under:

Month	High	BSE Low	Volume
April 16	8.72	7.98	875
May 16	8.25	7.98	9,26,001
Jun 16	8.10	7.98	1,500
Aug 16	8.10	8.10	1
Sep 16	8.00	8.00	100
Oct 16	7.84	7.84	100
Nov 16	7.99	7.85	300
Dec 16	8.00	8.00	10

Jan 17	8.00	7.94	2,01,223
Feb 17	7.84	7.50	11,423
Mar 17	7.50	7.50	11,200

• **Share holding pattern of the Company as on 31.03.2017**

Sr.	Category	No. of Shares	% (Percentage)
1.	Promoters (Including Promoters Body Corporate)	33,28,388	31.78
2.	Body Corporate (Public)	67,51,471	64.46
3.	Resident Individuals and HUF (Public)	3,94,129	3.76
	TOTAL	1,04,73,988	100.00

• **Share Transfer System:**

Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities & Exchange Board of India (SEBI). Sharex Dynamic (India) Private Limited Handles both Demat and Physical Shares Transfers.

The Share Transfers which are received in physical form are processed and the share certificates are returned within 21 days from the date of receipt, subject to Documents being valid and complete in all respects.

• **Outstanding GDRs/ ADRs/ Warrants or any convertible instruments:**

Nil

• **Plant Locations:**

Location	Activity
Plot 158, 159, 160, 161, 162, Shree Samartha Sahakari Audyogik Vasahat Ltd., Pimpalgaon Baswant, Taluka - Niphad, District Nashik, Maharashtra	Metallic Film Manufacturing, Lacquer Coated Metallic Yarn Manufacturing, Chemical Resistant Films Manufacturing
S. No 329/2, Plot No 11 (Part) + 12+13+14 (Part), Near Rajasthani School, Malegaon, (Nashik) – 423203	Grey Fabric Manufacturing

• **ADDRESS FOR CORRESPONDENCE:-**

LAKHOTIA POLYESTERS (INDIA) LIMITED

158/159 SamarathaSahkariAudyogikVasahat Ltd. Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209

Tel: +91 2550-252300 Fax: +91 2550-252300

Website: www.lakhotiapoly.in Email: info@lakhotiapoly.in

CIN :L17120MH2005PLC155146

- **REGISTRAR AND SHARE TRANSFER AGENT:**

Sharex Dynamic (India) Private Limited
Unit-1, Luthra Ind Premises,
1st Floor, 44 E, M Vasanti Marg, Andheri Kurla Road,
Safeed Pool, Andheri East,
Mumbai, Maharashtra 400072

1. Disclosures:

a) Related Party Transaction:

Details are as mentioned in Form AOC 2 which forms part of Directors Report.

b) Statutory Compliance, Penalties and Strictures:

The Company has complied with all the requirements of the listing agreements with the stock exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, stock exchanges or any Statutory Authorities on matters relating to capital markets during the last three years.

The Company has followed all relevant accounting standards notified by the Companies Accounting Standards Rules 2006 and relevant provisions of the Companies Act, 2013 while preparing its financial statements.

c) Whistle Blower Policy:

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

d) Reconciliation of Share Capital Audit:

In line with the requirements stipulated by Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.

e) Compliance with the mandatory requirements of Corporate Governance as per SEBI (LODR) Regulations, 2015

The Company has complied with the mandatory requirements SME Listing Agreement / Clause 49 of Listing Agreement / Regulation 27 of SEBI (LODR) Regulations, 2015 and submits on quarterly/yearly basis the Corporate Governance reports to the concerned Stock Exchanges.

The provisions of regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR), Regulations, 2015 are fully complied with, to the extent applicable to the Company. All the mandatory disclosure as required in term of the provisions of SEBI (LODR), Regulations, 2015 are disclosed in this report.

f) CEO / CFO CERTIFICATE:

Appropriate certification as required under Regulation 17(8) of the SEBI (Listing Obligation and Disclosure

Requirements) Regulations, 2015 has been made to the Board of Directors by the CEO/CFO which has been taken note of by the Board.

g) Means Of Communication

For the Financial Year 2016-17, the Company was listed on SME Platform of BSE Limited and hence it was not required to publish notice of Board Meeting and Financial Results in the newspapers. These financial results are posted on our official Website www.lakhotiapoly.in. Our means of communication are transparent and timely. In addition to the financial results, we publish the other information too, as required to be published under the Companies Act, 2013 or the SEBI (LODR) Regulations, 2015 or any other laws applicable or as may be required in the public interest. We provide and update from time to time various information about our Company at our official website www.lakhotiapoly.in related with investors, customers, etc. and all other person dealing with your Company

a) Further the company adopted the following discretionary requirements under Regulation 27 (1) of SEBI (LODR), Regulations, 2015

i. The Board:

No separate office for the Chairman is maintained, and hence no reimbursement is made towards the same.

ii. Nomination and Remuneration Committee:

Details regarding Nomination and Remuneration Committee are provided and forms part of this report.

iii. Shareholders' Right:

The Company has posted its half yearly and annual financial results on its website i.e. www.lakhotiapoly.in

iv. Audit Qualification:

There are no audit qualifications in the financial statements for the financial year 2016-17

v. Reporting of Internal Auditors

The Internal Auditors directly reported to the Audit Committee

DECLARATION BY THE CEO UNDER REGULATION 26(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE CODE OF CONDUCT

In accordance with Regulation 26(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the Financial Year ended March 31, 2017.

For Lakhotia Polyesters (India) Limited

Date : September 04, 2017

Place: Nashik

**Sd/-
Madhusudhan Lakhotia
Managing Director**

CEO / CFO CERTIFICATION

**CEO / CFO certification for Preparation of Financial Statements on Standalone Basis
[Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]**

**To,
The Board of Directors,
Lakhotia Polyesters (India) Limited**

**CEO / CFO certification for Preparation of Financial Statements on Standalone & Consolidated
Basis**

I, Madhusudhan Lakhotia – Managing Director and Vivek Rathi – Chief Financial Officer, hereby certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement prepared for the financial year ended on 31st March, 2017 and that to the best of our knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit committee that

- (i) There are no significant changes in internal control over financial reporting during the year;
- (ii) There are no changes in accounting policies during the year requiring disclosure in the notes to financial statements; and
- (iii) There are no instances of significant fraud in the company's internal control system over financial reporting.

For Lakhotia Polyesters (India) Limited

**Sd/-
Vivek Rathi
Chief Financial Officer**

**Sd/-
Madhusudhan Lakhotia
Managing Director**

**Date : 22.05.2017
Place : Nashik**

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

**To,
The Members of
Lakhotia Polyesters India Ltd.**

We have examined the compliance of conditions of Corporate Governance by Lakhotia Polyesters India Ltd. for the period ended March 31st 2017, as stipulated in Clause No. 49 of the Listing Agreement of the said company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For SABADRA & SABADRA
CHARTERED ACCOUNTANTS
Firm Registration No. 108921W**

**Sd/-
ANANT N SABADRA, FCA
Membership No. 033683
Partner**

**Nashik
22.05.2017**

INDEPENDENT AUDITOR'S REPORT

To the Members of - Lakhotia Polyesters (India) Limited

Report on the Financial Statements

- 1 We have audited the accompanying financial statements of Lakhotia Polyesters (India) Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- 2 The management and Board of Directors of the Company are 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 Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are 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

- 3 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.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2017, its profit and its

cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7 As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.

8 As required by section 143(3) of the Act, we further 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 statements comply with the applicable 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 March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The Company has following pending litigations which would impact its financial position.

The company, promoters, directors and certain group promoted entities are a party to litigation with the customs departments for import of certain materials based upon alleged "misleading information". The matter is pending in Appeal before the Central Excise and Customs Appellate Tribunal, Mumbai and before the High Court, Mumbai. The total demand in the matter raised by the adjudicating authorities is to the tune of ` 220.91 Lakhs against company and ` 42.00 Lakhs against Shri M.S. Lakhota, the Managing Director of the company. The amounts as stated are ex interest thereon.

- (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
- (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

**For SABADRA & SABADRA
CHARTERED ACCOUNTANTS
Firm Registration No 108921W**

Sd/-

**ANANT N SABADRA, FCA
Membership No. 033683
Partner**

**Nashik
22.05.2017**

ANNEXURE TO AUDITOR'S REPORT

Annexure referred to in paragraph 7 Our Report of even date to the members of Lakhotia Polyesters India Limited on the accounts of the company for the year ended 31st March, 2017.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that -

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (c) The title deeds of the immovable properties are held in the name of the company.
- (ii) The inventories at all business places have been physically verified by the management from time to time. In our opinion, the frequency of verification is reasonable. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the books of accounts.
- (iii) (a) The company has granted loans to the other parties covered in the register maintained under section 189 of the Companies Act, 2013. Based upon the management representations as made to us, we report that these advances are towards business transactions and in the normal course of business activity of the company.
- (b) These loans are repayable on demand and hence, no schedule of repayment is prepared. Interest has been charged on these loans regularly.
- (c) The loan amounts are not overdue.
- (iv) The company has complied with the provisions of section 185 and 186 of the Act.
- (v) The Company has accepted deposits from its members and has complied with the provisions of the Companies Act, 2013.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is not regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax (TDS), VAT, Service Tax, Profession Tax, as applicable, with the appropriate authorities in India. However, no amount is due for more than six months as on Balance Sheet date;
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are following disputed unpaid amounts –

Particulars	Amount ` in Lacs	Forum where dispute is pending
Customs Duty	220.91	CESTAT, Mumbai
M VAT	8.80	Joint Commissioner of Sales Tax (Appeals), Nashik

- (viii) According to the records of the company examined by us and as per the information and explanations given to us, the company has not defaulted in repayment of dues to the banks. No debentures have been issued by the company and hence, compliance with the said clause is not applicable.
- (ix) In our opinion, and according to the information and explanations given to us, the company has neither raised any term loan nor collected money by way of initial or further public offer during the financial year.
- (x) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- (xi) The company has paid managerial remuneration in accordance with the provisions of section 197 of the Act.
- (xii) The company is not a nidhi company.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 178 of the Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) 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) The company has not entered into non - cash transactions with directors or persons related to them in the nature prescribed under section 192 of the Act.
- (xvi) The company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

**For SABADRA & SABADRA
CHARTERED ACCOUNTANTS
Firm Registration No 108921W**

Sd/-

**ANANT N SABADRA, FCA
Membership No. 033683
Partner**

**Nashik
22.05.2017**

LAKHOTIA POLYESTERS (INDIA) LIMITED

CIN - L17120MH2005PLC155146

BALANCE SHEET AS AT

PARTICULARS	Note No.	31 March, 2017	31 March, 2016
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	104739880	104739880
(b) Reserves and surplus	2	(11714188)	(12084532)
SUB TOTAL OF SHAREHOLDERS FUND		<u>93025692</u>	<u>92655348</u>
2 Non-current liabilities			
(a) Long-term borrowings	3	8786792	8464503
(b) Deferred tax liabilities (net)	4	1179727	1408289
SUB TOTAL OF NON CURRENT LIABILITIES		<u>9966519</u>	<u>9872792</u>
3 Current liabilities			
(a) Short-term borrowings	5	37898573	34751475
(b) Trade payables	6	43538250	20436320
(c) Short-term provisions	7	3079780	2153929
SUB TOTAL OF CURRENT LIABILITIES		<u>84516603</u>	<u>57341724</u>
TOTAL		<u>187508814</u>	<u>159869864</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets - Tangible assets	8	7906202	9167818
(b) Non-current investments	9	23371000	23371000
(c) Other non-current assets	10	16199190	16201190
SUB TOTAL OF OTHER NON CURRENT ASSETS		<u>39570190</u>	<u>39572190</u>
2 Current assets			
(a) Inventories	11	65668175	49970154
(b) Trade receivables	12	73455289	55800969
(c) Cash and cash equivalents	13	908958	4746392
(d) Short-term loans and advances	14	0	607341
(e) Other current assets	15	0	5000
SUB TOTAL OF CURRENT ASSETS		<u>140032422</u>	<u>111129856</u>
TOTAL		<u>187508814</u>	<u>159869864</u>

See accompanying notes forming part of the financial statements.

As per our report attached.

For **SABADRA & SABADRA**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

LAKHOTIA POLYESTERS (INDIA) LIMITED
CIN - L17120MH2005PLC155146

ANANT N SABADRA, FCA
MEM NO. 033683
FRN - 108921W

M. S. LAKHOTIA **J.M. LAKHOTIA** **V. V. RATHI**
M. DIRECTOR DIRECTOR CFO
DIN - 00104576 DIN - 05357609

NASHIK
22.05.2017

LAKHOTIA POLYESTERS (INDIA) LIMITED

CIN - L17120MH2005PLC155146

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED

Particulars	Note No.	31 March, 2017	31 March, 2016
REVENUE			
1 Revenue from operations	16	169716823	227318607
Other Operating Income	17	2774798	0
2 Total revenue		172491621	227318607
3 Expenses			
Cost of materials consumed	18	134947752	182514407
Employee benefits expense	19	10051493	10782619
Finance costs	20	5857130	5031700
Depreciation and amortisation expenses	8	1523009	1553864
Foreign Exchange Loss		558539	0
Other expenses	21	18816259	26763752
Total expenses		171754182	226646342
4 Profit before extraordinary items & tax (2 - 3)		737439	672265
5 Extraordinary Item - (Decrease) in value of Investments in Equity Shares		0	(14630000)
6 Profit / (Loss) before tax (4 +/- 5)		737439	(13957735)
7 Tax Expense			
(a) Current tax expense for year		530303	425490
(b) (Less): MAT credit (where applicable)		0	0
(c) Current tax expense relating to prior years		65354	41000
(d) Net current tax expense		595657	466490
(e) Deferred tax		228562	198879
Total Tax Expense		367095	267611
8 Profit / (Loss) after tax (6 +/- 7)		370344	(14225346)
9 Earnings per share (of ` 10/- each)			
(a) Basic		0.04	(1.36)
(b) Diluted		0.04	(1.36)

See accompanying notes forming part of the financial statements.

As per our report attached.

For **SABADRA & SABADRA**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

LAKHOTIA POLYESTERS (INDIA) LIMITED
CIN - L17120MH2005PLC155146

ANANT N SABADRA, FCA
MEM NO. 033683
FRN - 108921W

M. S. LAKHOTIA **J.M. LAKHOTIA** **V. V. RATHI**
M. DIRECTOR DIRECTOR CFO
DIN - 00104576 DIN - 05357609

NASHIK
22.05.2017

LAKHOTIA POLYESTERS (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2017

PARTICULARS	Amount in `
A CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Tax and Extra Ordinary Items	737439
Adjustments for :	
Depreciation on Fixed Assets	1523009
Operating Profit before working capital changes	<u>2260448</u>
Adjustments for Changes in Working Capital	<u>-5565121</u>
Cash Generated from Operations	-3304673
Direct Taxes	-595657
Net Cash Flow from Operating Activities	A <u>-3900330</u>
B CASH FLOW FROM INVESTING ACTIVITIES	
Net Purchase / Transfer of Fixed Assets	-261393
Changes in Non Current Assets	2000
Net Cash Flow from Investing Activities	B <u>-259393</u>
C CASH FLOW FROM FINANCING ACTIVITIES	
Expenses on Issue of Bonus Shares	0
Proceeds From Long Term Borrowings	322289
Net cash generated from financing activities	C <u>322289</u>
Net Increase in cash and cash equivalents	A + B + C -3837434
Cash and cash equivalents as at opening	4746392
Cash and cash equivalents as at closing	908958

As per our report attached.

For **SABADRA & SABADRA**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

LAKHOTIA POLYESTERS (India) LIMITED
CIN - L17120MH2005PLC155146

ANANT N SABADRA, FCA
MEM NO. **033683**
FRN - **108921W**

M. S. LAKHOTIA	J.M. LAKHOTIA	V. V. RATHI
M. DIRECTOR	DIRECTOR	CFO
DIN - 00104576	DIN - 05357609	

NASHIK
22.05.2017

LAKHOTIA POLYESTERS (INDIA) LIMITED

CIN - L17120MH2005PLC155146

NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON

PARTICULARS	31 March, 2017`	31 March, 2016`
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NOTE 1 SHARE CAPITAL

AUTHORISED SHARE CAPITAL

Number of Equity Shares	10500000	10500000
Par value per share	10	10
AUTHORISED SHARE CAPITAL	105000000	105000000

PAID UP CAPITAL

Number of Equity Shares	10473988	10473988
Par value per share	10	10
PAID UP CAPITAL	104739880	104739880

RECONCILIATION OF NUMBER OF SHARES AT THE BEGINNING AND PERIOD ENDING

Particulars	FINANCIAL YEAR ENDING	
	31.03.2017	31.03.2016
Opening Balance	10473988	10473988
Bonus	0	0
Closing Balance	10473988	10473988

RECONCILIATION OF AMOUNT OF SHARE CAPITAL AT THE BEGINNING AND PERIOD ENDING

Particulars	FINANCIAL YEAR ENDING	
	31.03.2017	31.03.2016
Opening Balance	104739880	104739880
Bonus	0	0
Closing Balance	104739880	104739880

Terms / Rights attached to shares

The company has one class of Equity Shares having par value of ` 10/- per share. Each holder of equity shares is entitle to one vote per equity share held.

SHAREHOLDERS HOLDING MORE THAN 5% OF THE PAID UP CAPITAL

S No.	Name of Shareholder	No. of Shares held	Amt of shares held`	%
1	Shatrunjay Estates Pvt. Ltd.	2498992	24989920	23.86
2	Sanwaria Vincomm Pvt. Ltd.	1455000	14550000	13.89
3	Sanjoyog Trade Link Pvt. Ltd.	1750500	17505000	16.71
4	Giza Estates Pvt. Ltd.	1018610	10186100	9.73
5	Madhusudan Lakhotiya	1409380	14093800	13.46
6	Kanchandevi S Lakhotia	736624	7366240	7.03

NOTE 2 RESERVE & SURPLUS

DIC SUBSIDY

Opening Balance		1000000	1000000
Closing Balance	SUB TOTAL	1000000	1000000

PROFIT & LOSS A/C

Opening Balance		(13084532)	1140814
Add : Profit for the year		370344	(14225346)
Closing Balance	SUB TOTAL	(12714188)	(13084532)

GRAND TOTAL		(11714188)	(12084532)
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NOTE 3 LONG TERM BORROWINGS

UNSECURED LOANS from Directors		8786792	8464503
	TOTAL	8786792	8464503

No written agreements has been executed between the company and the parties.

NOTE 4 DEFERRED TAX LIABILITIES

The accounting treatment for income - tax in respect of the company's income is based on the Accounting Standard 22 on 'Accounting for taxes on income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income tax in the accounts comprises both, the Current Tax and Deferred Tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognized in the statement of Profit & Loss and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and liabilities are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the company has unabsorbed depreciation or carried forwarded losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that the same can be realized against future taxable profits.

The effect of the significant timing differences that result in the deferred tax assets and liabilities at the end of the year are given as under :

Particulars	Current Year	Previous Year
<u>Deferred Tax Liabilities -</u>		
Tax on Depreciation Difference	1179727	1408289
	1179727	1408289
<u>Deferred Tax Assets -</u>		
Tax on Others	0	0
	0	0
Total DTL carried Forward in the Balance Sheet	1179727	1408289
Deferred Tax to be recognised in the P&L A/c	228562	

NOTE 5 SHORT-TERM BORROWINGS

a] <u>Loans repayable on demand from Bank</u>	37898573	34751475
Secured by way of -		
(i) Hypothecation of Stock & Debtors		
(ii) Personal Guarantee of Directors		
TOTAL	37898573	34751475

NOTE 6 TRADE PAYABLES

<u>Trade Payables</u>	43538250	20436320
Net of Advances ` 8,54,486/- (Prev Year ` 57,30,996/-)		
TOTAL	43538250	20436320

NOTE 7 SHORT - TERM PROVISIONS

Provision for taxation	530303	425490
Less : Prepaid taxes and MAT Credit	33811	219518
	496492	205972
Audit Fees Payable	105000	78375
Statutory Liabilities	143913	173934
Expenses Payable	2334375	1695648
TOTAL	3079780	2153929

NOTE 9 NON-CURRENT INVESTMENTS

Unquoted shares of co-op society	1000	1000
Quoted Equity Shares - Kavita Fabrics Limited	38000000	38000000
Less : Provision for decline in the value	14630000	14630000
	23370000	23370000
TOTAL	23371000	23371000

NOTE 10 OTHER NON CURRENT ASSETS

Deposits - Office, Other Utilities	12668720	12668720
Amount refundable from Government	965470	967470
Custom Duty Advance	2550000	2550000
Share Deposit with Shree Samarth Ind Estates	15000	15000
TOTAL	16199190	16201190

NOTE 11 INVENTORIES

Stock in trade @ Factory	17005213	11403774
Stock in trade @ Textile unit	21432408	11000000
Stock in trade @ Surat	27230554	27566380
TOTAL	65668175	49970154

NOTE 12 TRADE RECEIVABLES

Unsecured, considered good		
More than Six Months from the date of payment due	34840159	19312629
Others	38615130	36488340
Net of Advances ` 2,74,051/- (Prev Year ` 3,51,007/-)		
TOTAL	73455289	55800969

NOTE 13 CASH & CASH EQUIVALENTS

Cash in Hand	123340	1851558
Balances with Banks in Current A/c	785618	2894834
TOTAL	908958	4746392

NOTE 14 SHORT TERM LOANS & ADVANCES

Unsecured & Considered good	0	607341
TOTAL	0	607341

NOTE 15 OTHER CURRENT ASSETS

Prepaid Insurance	0	5000
TOTAL	0	5000

NOTE 16 REVENUE FROM OPERATIONSSALESMaharashtra State

- Sales - C Form	983519	2013083
- Grey Cloth	30887962	46441735
- Export Sales	37204741	44534
- 6 % Sales	100500	0
- Job Work	1531950	1425850

Gujrat State

- Local Sales	54956561	143962505
- Out of Gujrat	47722040	42964750

SUB TOTAL	173387273	236852457
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Sales Returns	3670450	9533850
GRAND TOTAL	169716823	227318607

NOTE 17 OTHER OPERATING INCOME

Duty Drawback	2768258	0
Interest on I T Refund	6540	0
TOTAL \	2774798	0

NOTE 18 COST OF MATERIALS CONSUMEDOpening Stock

- Stock at Factory, Pimpalgaon	11403774	9601659
- Stock at Factory, Malegaon	11000000	10623594
- Stock at Surat	27566380	32446352
SUB TOTAL \	49970154	52671605

Purchases -

Maharashtra State

- Against C Form	13449887	76350548
- Local Purchases - Taxable	2170957	5860269
- Job Work	156349	255069
- Export Material	31909741	0
- Tax Free	25667937	45118245
- Others	3137	20214
- VAT Retention	121332	293759

Gujrat State

SUB TOTAL \	77166433	51914852
	150645773	179812956

Closing Stock

- Stock at Factory, Pimpalgaon	17005213	11403774
- Stock at Factory, Malegaon	21432408	11000000
- Stock at Surat	27230554	27566380
SUB TOTAL \	65668175	49970154

GRAND TOTAL \	134947752	182514407
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NOTE 19 EMPLOYEE BENEFITS EXPENSE

Salaries & Wages - Manufacturing	7333365	7967447
Salaries & Wages - Office	1947644	1691500
Directors Remuneration	720000	1070000
Provident Fund	50484	53672
TOTAL \	10051493	10782619

NOTE 20 FINANCE COSTS

Bank Interest	4441954	2771685
Interest on Statutory Dues	9731	3387
Interest - Others	1008785	2065100
Bank Charges	396660	191528
TOTAL	5857130	5031700

NOTE 21 OTHER EXPENSESDIRECT EXPENSES

Power & Fuel	7475340	11108471
Factory Expenses	1664990	2171198
Freight, Packing, Loading & Unloading Expenses	728226	792356
Excise Paid	15675	0
Processing Expenses	334340	448327
Export Related Expenses - Transport & Job Work	1297230	0
Job Work	543323	1678402
Rent Expenses	3030000	4950000
SUB TOTAL OF DIRECT EXPENSES	15089124	21148754

INDIRECT EXPENSES

Audit Fees	115000	204375
Advertisement Expenses	45480	10728
BSE, NSDL & ROC Charges	354481	915911
Commission Expenses	492220	885639
Discount Expenses	49693	194982
Directors Sitting Fees	30000	20000
Freight Outward	701995	1074040
Insurance	36360	55202
Misc. Expenses	104771	60726
Municipal Taxes	19139	31139
Office Expenses	138806	117919
Office & Staff Quarter Rent	768000	727000
Postage & Couriers	60041	36070
Petrol & Diesel	57889	73249
Printing and Stationery	57267	84303
Professional Charges	394631	311865
Profession Tax	2000	4620
Repairs & Maintenance	43976	310120
Security Expenses	0	170565
Service Tax	56160	71092
Service Tax - Penalty	17650	0
Telephone Expenses	130644	146528
Tea & Refreshment	25539	43263
Travelling & Conveyance	13483	45551
Vehicle Expenses	11910	20111
SUB TOTAL OF INDIRECT EXPENSES	3727135	5614998

GRANT TOTAL OF EXPENSES	18816259	26763752
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LAKHOTIA POLYESTER INDIA LIMITED

CIN - L17120MH2005PLC155146

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. COMPANY OVERVIEW

Lakhotia Polyesters India Ltd. (the Company) is a public limited company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange in India. The company is engaged in manufacturing and selling of textile yarn for catering to the domestic and international markets. The company is engaged in the business of manufacturing of lacquer coated Polyester Films, transfer foils and M type metallic yarns, which are appropriate for textile, printing, decoration and packing industry and manufacturing of grey fabrics used in sarees and as interline cloth. The yarns produced by the company are used for made ups in apparels, hosiery and garment industry.

2. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

- A)** The financial statements of the company have been prepared & presented in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. The company has prepared these Financial Statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
- B)** The Company has re-classified previous year's figures in accordance with the requirement as applicable in the current year.
- C)** The Accounting policies adopted in preparation of Financial Statements are consistent with those followed in previous year.

2. USE OF ESTIMATES –

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make estimates & assumptions that affect the reported amount of assets & liabilities (Contingent liabilities) and the reported amounts of revenues & expenses for the year. The management believes that estimates using preparation of financial statements are prudent & reasonable. All though these estimates are based on management's best knowledge of current events & actions, uncertainty about these assumptions and estimates could result in the outcome different from the estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis any revision to the accounting estimates is recognized prospectively in the current & future period.

3. **TANGIBLE FIXED ASSETS -**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

4. **DEPRECIATION –**

Depreciation has been provided on the SLM method based on the useful life of the asset.

5. **IMPAIRMENT OF ASSETS –**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

6. **BORROWING COST -**

Borrowing costs, other than those incurred for acquisition of fixed assets are recognized in the statement of Profit and Loss in the period they occur. Borrowing cost consists of Interest and other costs incurred in connection with the borrowing of the funds. Interest received has been netted off against Interest expenses.

7. **INVESTMENTS -**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Non Current investments are stated at cost. However, there is a decline, other than temporary, in the value of Long term investments in equity shares of the company; the carrying amount has been reduced to recognize the decline.

8. **INVENTORIES -**

Inventories are valued at the lower of cost or the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi & LBT and other levies, transit insurance and receiving charges. Inventories at all places are taken as certified by the management.

9. **CASH AND CASH EQUIVALENTS -**

Cash and Cash equivalents for the purpose of cash flow statement comprise cash in hand, demand deposits with banks and other short term highly liquid investments with an original maturity of three months or less.

10. **REVENUE RECOGNITION -**

Sales Revenue is recognized when the significant risks and rewards of the ownership of the goods have been passed to the buyer. Sales are disclosed at net of VAT as applicable and also net of returns.

11. **ACCOUNTING OF CLAIMS -**

Claims payable are accounted at the time of the acceptance. Claims raised by the Government Authorities regarding taxes and duties, which are disputed by the company, are accounted based upon the merits of the claim.

12. **GOVERNMENT GRANTS AND SUBSIDIES -**

Government grants and subsidies are recognized when there is a reasonable assurance that the conditions attached to them will be complied, and grant/subsidy will be received.

Government grants of the nature of promoter's contribution are credited to the reserves and are treated as a part of the shareholder's fund.

13. **INCOME TAXES -**

Tax expenses comprise of the current and deferred tax includes any adjustments treated to past periods in current and or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred Income Taxes reflect the impact of the current year's timing difference between the taxable income and accounting income for the year and reversal of the timing differences of the earlier periods.

Deferred tax is measured based upon the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet Date. Deferred Tax Assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of the deferred tax is reviewed at each Balance Sheet date. The company writes down the carrying amount of the deferred tax assets to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

14. **PROVISIONS AND CONTINGENT LIABILITIES-**

A provision is recognized when the company has a present obligation as a result of the past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based upon the best estimate required to settle the obligation at the reporting period.

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

15. **CONTINGENT LIABILITIES NOT PROVIDED FOR -**

The company, promoters, directors and certain group promoted entities are a party to litigation with the customs departments for import of certain materials based upon alleged “misleading information”. The matter is pending in Appeal before the Central Excise and Customs Appellate Tribunal, Mumbai and before the High Court, Mumbai. The total demand in the matter raised by the adjudicating authorities is to the tune of D 220.91 Lakhs against company and D 42.00 Lakhs against Shri M.S. Lakhotia, the Managing Director of the company. The amounts as stated are ex interest thereon.

Pursuant to the directions received from the above authorities, the company has deposited a sum of D 24.00 Lakhs as pre deposit for appeal.

On the basis of expert legal advice in the matter the management of the company is of the opinion that the matter will be decided in its favor and hence, the company has not provided for the sums as stated above in its books of accounts for the period under this report and the same is treated as “Contingent Liability”

16. **EARNINGS PER SHARE -**

Basic earnings per share has been calculated by dividing the net profit or the loss for the year attributable to equity shareholders by the weighted number of equity shares outstanding at the end of the year.

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

17. **CURRENT / NON CURRENT -**

All assets and liabilities are presented as Current or Non Current as per the company’s normal operating cycle and other criteria set out in the revised Schedule VI of the Companies Act, 1956. Based upon the nature of products and the time between the acquisition of assets for processing and their realization, the company has ascertained its operating cycle as 12 months for the purpose of current/non - current classification of assets and liabilities.

18. SEGMENT REPORTING-

The company is predominantly in the business of “Man Made Yarn” and as such there are no separate reportable segments. The company’s operations are predominantly only in India.

19. RELATED PARTY DISCLOSURE / TRANSACTIONS WITH KEY MANAGEMENT PERSONNAL-

Name of the Concern / Person	Nature of Payment	Amount in `
Mr. Madhusudan Lakhotia, Director	Directors Remn.	4,80,000/-
Mrs. Jayshree Lakhotia, Director	Directors Remn.	2,40,000/-
	Interest	6,76,980/-
Madhusudan Lakhotia – HUF (Director's substantial interest)	Commission	4,92,220/-
	Interest	2,49,530/-
Mrs. Kanchandevi Lakhotia (Director's mother)	Rent	1,80,000/-
Jagdish Fabrics (Concern owned by Director's father)	Rent	60,000/-
	Purchases & Job Work	4,05,797/-
	Job Work (Income)	15,31,950/-
Sujata Lakhotia (Director's Sister)	Salary	3,00,000/-

20. PAYMENT TO AUDITORS FOR F.Y. 16 – 17

Company Law Matters	60,000/-
Taxation and Allied Matters	40,000/-
Service Tax on Fees	15,000/-
Total	1,15,000/-

21. OTHERS -

- Certain Balance representing Debtors and Creditors are subject to reconciliation and receipts of confirmation from parties, pursuant to confirmation requests sent by the company.
- Figures have been regrouped / reclassified / reinstated wherever necessary to make the comparison meaningful.
- No interest is payable by the company to the suppliers covered under Micro, Small, Medium Enterprise Development Act, 2006.
- Disclosure regarding SBN - Not Applicable since the company has not deposited any amount in bank during period from 09.11.2016 to 31.12.2016
- Provision for CSR has not been made by the company.
-

As per our report of even date

For Lakhotia Polyester India Ltd

**For SABADRA & SABADRA
CHARTERED ACCOUNTANTS
FRN: 108921W**

M. S. LAKHOTIA
Director
DIN - 00104576

J.M. LAKHOTIA
Director
DIN - 05357609

V. V. RATHI
CFO

ANANT N SABADRA, FCA
Partner
Membership No. 033683

Nashik
22.05.2017

NOTE 8

FIXED ASSETS

METHOD OF DEPRECIATION - SLM

SR. NO.	ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK AS ON	
		OP. BAL.	ADD/(DED)	TOTAL	OP. BAL.	FOR THE YR	TOTAL	31.03.2017	31.03.2016
1	Lands	186620	0	186620	0	0	0	186620	186620
2	Buildings	1288998	0	1288998	369208	42768	411976	877022	919790
3	Plant & Machinery	13942552	261393	14203945	6986866	1243350	8230216	5973729	6955686
4	Vehicles	1531838	0	1531838	1028348	140204	1168552	363286	503490
5	Office Utencils	1043644		1043644	449495	88604	538099	505545	594149
6	Furniture & Fixture	161666	0	161666	153583	8083	161666	0	8083
	TOTAL	18155318	261393	18416711	8987500	1523009	10510509	7906202	9167818
	Previous Year TOTAL	17887618	267700	18155318	7433636	1553864	8987500	9167818	10453982

NOTES

- Plot No. 160 / 161 are on lease hold basis from Shree Samartha Audyogik Vasahat Ltd., Pimpalgaon.
- Vehicles of the company are held in the name of directors of the company and their relatives.



LAKHOTIA POLYESTERS (INDIA) LIMITED

CIN: L17120MH2005PLC155146

Registered office: 158/159 SamarathaSahkariAydoyogikVasahat Ltd., Pimpal- Gaon (Baswant),Tal Niphad, District Nashik, Maharashtra- 422209, India.

Email Id: info@lakhotiapoly.In, **Website:** www.lakhotiapoly.in

ATTENDANCE SLIP

(Please fill the attendance slip and hand it over at the entrance of the meeting hall)

Regd. Folio

No.**

DP ID

No. of Shares held

Client ID

Name(s) and address of the shareholder in full

.....

.....

I/we hereby record my/our presence at the 12th Annual General Meeting will be held on Saturday, 30th September, 2017 at 11.30 a.m. at 158/159 Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India

Signature of Shareholder /Proxy

**Applicable for investor holding shares in physical form



LAKHOTIA POLYESTERS (INDIA) LIMITED

CIN: L17120MH2005PLC155146

Registered office: 158/159 SamarathaSahkariAydyogikVasahat Ltd., Pimpal- Gaon (Baswant),Tal Niphad, District Nashik, Maharashtra- 422209, India.

Email Id: info@lakhotiapoly.in, **Website:** www.lakhotiapoly.in

Proxy form

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the company: Lakhotia Polyesters (India) Limited

Registered office:158/159 SamarathaSahkariAydyogikVasahat Ltd., Pimpal- Gaon (Baswant),Tal Niphad, District Nashik, Maharashtra- 422209 on the Saturday, 30th September, 2017 at 11.30 a.m.

Name of the Shareholder (s)
Registered Address
Email Id
Folio No./ Client Id
DP Id

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:....., or failing him

2. Name:

Address:

E-mail Id:

Signature:....., or failing him

3. Name:

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/ourbehalf at the 12th Annual General meeting of the members of the company, to be held on the Saturday, 30th September, 2017 at 11.30 a.m. at the registered office of the Company at 158/159 SamarathaSahkariAydyogikVasahat Ltd., Pimpal- Gaon (Baswant),TalNiphad, District Nashik, Maharashtra- 422209 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional	
		For	Against
Ordinary Business:			
1.	To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2017 including audited Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon		
2.	To appoint a director in place of Mrs. Jayshree Lakhota (holding DIN 05357609), who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible offers herself for reappointment		
3.	Ratification of the appointment of M/s Sabadra & Sabadra, Chartered Accountants Statutory Auditors		
SPECIAL BUSINESS:			
4.	Regularisation of Additional Director Mr. Anil Patodia		

Signed this..... day of..... 2017

Signature of shareholder

Affix Revenue Stamp

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**If undelivered,
Please return to:
LAKHOTIA POLYESTERS (INDIA) LIMITED
158/159 SamarathaSahkariAydyogikVasahat Ltd.
Pimpal- Gaon (Baswant),
Tal Niphad, District Nashik,
Maharashtra- 422209**