

**42<sup>nd</sup>** Annual Report  
& Accounts  
**2017-18**

**PUNJAB CHEMICALS AND  
CROP PROTECTION LIMITED**



उद्यमेन हि सिध्यन्ति  
कार्याणि न मनोरथैः



20.07.1932 - 18.12.1997

**S D SHROFF**

(Known to all as 'Sasubhai')

*He dared.  
He cared.  
He shared.*

*His vision to grow the company remains .....*



## *Chairman's Message*



***Dear Shareholders,***

***Greetings!!***

*It gives me great pleasure to communicate with you through this column and share the working, status on various matters and vision of the Company.*

*The country has witnessed various changes in the industrial and social sector in the recent past. These changes have an impact not only on Industry but also on a general public. The implementation of Goods and Services Tax (GST) w.e.f. 1<sup>st</sup> July, 2017 in the year 2017-18 is one of the biggest reform, which has rationalized the indirect taxation in India. The implementation of GST had many challenges in terms of technology, lack of clarity and required up-gradation of the infrastructure of the government and the users.*

*Your Company also faced lot of difficulty in the initial period for filing returns and to avail refund of GST on exports. The system is now almost updated and is catering to most of the requirements. This tax structure has a wide impact on the business and way of doing business.*

*The figures of tax collection from direct and indirect taxes clearly depict the improvement in the*

*economy and participation of more entities.*

*Next major steps taken by the Government is on ease of the doing business without much bureaucratic hindrances and to promote "Make in India" concept. The huge investment and rationalization in the infrastructure sector with good roads and e-way bill system for transportation of goods are going to help lot to the industry by way of reduced time for movement of material. Simultaneously, the digital India project / schemes are going to ease the working of the industry and ultimately improving the economy of the country. No doubt, several reforms adopted for improved agriculture produce and the development of related industry namely food processing, chemicals and fertilizers should also improve the economy and the standard of living of the people. These steps and reforms have benefitted the country and as per the World Bank's latest Doing Business Report, 2018, India has leapt 30 ranks over its previous rank of 130.*

*On Company's front, it is a matter of great satisfaction for the management that the steps and decision taken in the last two years to make the Company profitable have yielded results. The*

Company divested its non-performing assets and non-profitable businesses. The Company has entered into One Time Settlement (OTS) with Central Bank of India for the outstanding dues. The necessary adjustments in the books of account have been carried out after the payment of entire OTS amount in the accounts of the financial year under review. Union Bank of India, EXIM Bank and Allahabad Bank have accepted the proposal for prepayment of debts of the Company. The Company is in the process of completing the required formalities in this regard. The management is thankful to the shareholders of the Company for the approval given by way of special resolution on February 2, 2018 through Postal Ballot to raise long term funds. The Company is weighing various options in this regard and will proceed with the advice of experts and professionals.

As you are aware that your Company is mainly in the business of manufacturing Agro, Specialty and Other Chemicals and 59% of the turnover consists of exports. Therefore, your Company is directly impacted with any development in industrial policy relating to Chemicals, infrastructure and steps taken to boost exports.

The Company has transitioned to Indian Accounting Standards (Ind-AS) from 01 April, 2017 with the transition date of 01 April 2016. Accordingly, the financial statements for the year under review have been prepared in accordance with the recognition and measurement principles laid down in Ind-AS in place of erstwhile Indian Generally Accepted Accounting Principles (IGAAP). Accordingly, figures for the previous year ended 31 March, 2017 have been restated to make them comparable.

As may be seen from the results, Company's Indian Operations have improved in both domestic as well as export front. The Agro Chemicals Division remained the major contributor in generating revenue and profit in the Company. The working of

other Divisions of the Company have also improved during the year under review. The Company has decided to be more focused on manufacturing Agro Chemicals, Specialty and other related chemicals, which are the strength of the Company. The contract manufacturing business of few products from Multinational Companies are continuing. You will appreciate that the total income of the Company on Standalone basis has increased by 11% to Rs. 502 crore from Rs. 452 crore with a profit before tax of Rs. 17.48 crore against loss of Rs. 1.37 crore of last year as restated as per Ind AS.

The Consolidated Income of the Company was Rs. 507 crore against Rs. 548 crore of the previous year. The consolidated results of the year under review, are without the results of Sintesis Quimica, S.A.I.C., Argentina which has been sold on 28<sup>th</sup> September, 2017.

Hence, keeping in view the recent development, action taken and a long term vision of the Government, we foresee a positive outlook with better working results, for the Company barring unforeseen circumstances.

I, on behalf of the Board of Directors and Executive Management, like to thank the customers, suppliers, employees and other associates like banks for their consistent and resolute support.

I thank all my colleagues on the Board for their unanimous support and immense encouragement.

I have special words to acknowledge the collective efforts of the entire 'PCCPL Team' working tirelessly to bring turnaround in the Company.

Last, but not the least, once again thank you all for keeping faith in the Board and the Management of your Company.

With best Wishes,

**Mukesh D Patel**  
Chairman



## COMPANY INFORMATION

<b>CHAIRMAN EMERITUS</b>	GHATTU RAMANNA NARAYAN
<b>CHAIRMAN</b>	MUKESH DAHYABHAI PATEL
<b>BOARD OF DIRECTORS</b>	SHALIL SHASHIKUMAR SHROFF, Managing Director CAPT. SURJIT SINGH CHOPRA(Retd.) VIJAY DILBAGH RAI SINDHU SETH (SMT.) (Upto May 29 <sup>th</sup> , 2018) SHEO PRASAD SINGH ARUNA R. BHINGE, (SMT.) ADDITIONAL DIRECTOR (w.e.f. May 29 <sup>th</sup> , 2018) SHIV SHANKAR SHRIPAL TIWARI AVTAR SINGH, Director (Operations & Business Development)
<b>SR. V.P. (FINANCE) &amp; COMPANY SECRETARY</b>	PUNIT KUMAR ABROL
<b>CHIEF FINANCIAL OFFICER</b>	VIPUL JOSHI
<b>BANKERS</b>	BANK OF BARODA EXPORT-IMPORT BANK OF INDIA ALLAHABAD BANK UNION BANK OF INDIA
<b>AUDITORS</b>	B S R & Co.LLP Chartered Accountants
<b>REGISTERED OFFICE</b>	MILESTONE 18, AMBALA KALKA ROAD, VILLAGE & P.O.: BHANKHARPUR, DERABASSI, DISTT. S.A.S. NAGAR (MOHALI), PUNJAB-140201. Tel: 01762-280086/ 280094 Fax: 01762-280070 Email: info@punjabchemicals.com; Website: www.punjabchemicals.com.
<b>CORPORATE OFFICE</b>	PLOT NO. 645-646, 5TH FLOOR, OBEROI CHAMBERS II NEW LINK ROAD, ANDHERI (WEST), MUMBAI - 400 053 Tel: 022-26747900 Fax: 022-26736193 Email: enquiry@punjabchemicals.com
<b>MANUFACTURING UNITS</b>	AGRO CHEMICALS DIVISION, DERABASSI SPECIALTY AND OTHER CHEMICALS DIVISION, LALRU INDUSTRIAL CHEMICALS DIVISION,PUNE
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	ALANKIT ASSIGNMENTS LTD., RTA DIVISION, ALANKIT HEIGHTS 1E/13, JHANDEWALAN EXTENSION, NEW DELHI - 110 055 Tel: 011-42541234/23541234, Fax: 011-41543474 Email: rta@alankit.com Website: www.alankit.com



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## 42<sup>ND</sup> ANNUAL GENERAL MEETING

Thursday, 20<sup>th</sup> September, 2018 at 10.00 A.M. at  
Hotel Paras, Chandigarh-Ambala Highway, Derabassi, Distt. S.A.S. Nagar (Mohali), Punjab - 140201  
Book Closure Dates: 13<sup>th</sup> September, 2018 to 20<sup>th</sup> September, 2018

## A REQUEST

We are sure you will read with interest the Annual Report for the financial year 2017-18. You may desire to have some clarification or additional information at the ensuing Annual General Meeting. We shall very much appreciate, if you will kindly write to us atleast ten days in advance in order to enable us to keep the information ready for you at the Meeting. We solicit your kind co-operation.

## IMPORTANT

*SEBI has decided that securities of listed companies can be transferred only in dematerialised form w.e.f. 5<sup>th</sup> December, 2018. In view of the above members are advised to dematerialise shares held by them in physical form.*



# PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

CIN No. : L24231PB1975PLC047063

Registered Office: Milestone 18, Ambala Kalka Road, Village & P.O Bhankharpur, Derabassi, Dist. SAS Nagar, Mohali (Punjab)- 140201, Telephone Nos.: 01762- 280086, 280094 Fax Nos.: 01762-280070  
E-mail:info@punjabchemicals.com; website: www.punjabchemicals.com

## NOTICE

**NOTICE** is hereby given that the 42<sup>nd</sup> (Forty Two) Annual General Meeting of the members of Punjab Chemicals and Crop Protection Limited will be held on **Thursday, the 20<sup>th</sup> September, 2018 at Hotel Paras, Chandigarh-Ambala Highway, Derabassi, Distt. S.A.S. Nagar (Mohali), Punjab – 140201 at 10 a.m.** to transact the following businesses:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company (Standalone and Consolidated) for the year ended on 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri Shivshankar Shripal Tiwari** (DIN No. 00019058), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business:

3. **To appoint Smt. Aruna R. Bhinge (DIN:07474950) as a Director, liable to retire by rotation.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 (the Act) and the Rules framed there under (including any statutory modification (s) or re-enactment thereof for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and other applicable provisions, if any, Smt. Aruna R. Bhinge (DIN: 07474950), who was appointed as an Additional Director by the Board of Directors of the Company pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and being eligible for appointment be and is hereby appointed as a Woman Director of the Company, liable to retire by rotation.”

4. **To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2019.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of Rs. 1,10,000/- plus applicable taxes and reimbursement of out of pocket expenses as fixed by the Board of Directors of the Company to M/s Khushwinder Kumar & Co., Cost Accountant, Jalandhar, (Firm Registration No.100123) for audit of the cost records of the Company for the financial year 2018-19 be and is hereby approved and ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company and / or the Audit Committee be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

### Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act'), in respect of the business as set out in Item Nos. 3 and 4 above and the relevant details of the Directors seeking re-appointment/ appointment under Item Nos. 2 & 3 above as required by Regulation 26 (4) and 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and as required under Secretarial Standards – 2 on General Meetings issued by The Institute of Company Secretaries of India are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ('AGM') IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT (48) HOURS before the commencement of the Annual General Meeting. A Proxy form is sent herewith.
4. Proxies submitted on behalf of limited Companies, LLP, etc., must be supported by appropriate resolution/ authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total





- share capital of the Company. In case, proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  6. Members, Proxies and Authorized Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID/ Folio No supported by appropriate resolution wherever applicable.
  7. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
  8. In terms of the provisions of Section 152 of the Act, Shri Shivshankar Shripal Tiwari, Director shall retire by rotation at the Meeting. The Board of Directors of the Company commend his re-appointment.
  9. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 14, 2017.
  10. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, 13<sup>th</sup> September, 2018 to Thursday, 20<sup>th</sup> September, 2018 (both days inclusive).
  11. Members seeking any information with regard to the Accounts are requested to write to the Company at least ten (10) days in advance, so as to enable the Management to keep the information ready at the meeting.
  12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
  13. The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
  14. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company situated at Milestone 18, Ambala Kalka Road, Village & P.O Bhankharpur, Derabassi, Dist. SAS Nagar, Mohali (Punjab)-140201 on all working days, except Saturday and Sunday, during business hours upto the date of the Meeting.
  15. Members are requested that the Registrar and Share Transfer Agent of the Company -M/s Alankit Assignments Ltd. be immediately intimated of any change in their addresses, e-mail Ids, contact numbers, bank details, ECS mandate, Nomination, etc. in respect of the equity shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialized form. This will help the Company and the Registrar to provide better and efficient services.
  16. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Alankit Assignments Ltd., Registrar and Share Transfer Agent.
  17. Pursuant to SEBI mandate vide circular dated April 20, 2018, Members holding shares in physical mode whose ledger folios have not been updated with Permanent Account Number (PAN) and Bank account details are required to submit the same to Alankit, for updation.
  18. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website at [www.punjabchemicals.com](http://www.punjabchemicals.com). Members holding shares in physical form may submit the same to M/s Alankit Assignments Ltd., Registrar and Share Transfer Agent. Members holding shares in electronic form may submit the same to their respective depository participant.
  19. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s Alankit Assignments Ltd., Registrar and Share Transfer Agent, for consolidation into a single folio. They are also requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. The members can contact the Company or the Registrar and Share Transfer Agent for such service.





20. Electronic copy of the Notice of the AGM alongwith the Annual Report for the Financial Year (FY) 2017-18 is being sent to all the Members whose email-IDs are registered with the Company/ Depository Participant (s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report for FY 2017-18 are being sent through the permitted mode. Members may also note that the Annual Report for the FY 2017-18 will also be available on the Company's website [www.punjabchemicals.com](http://www.punjabchemicals.com) for their download.

21. With a view to support the 'Green Initiative', members are requested to register / update their e-mail addresses, with their Depository Participants (DP) and ensure that the same is also updated with their respective DP. This will enable the Company to send communications electronically.

22. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares on which dividends remain unpaid /unclaimed for a period of 7 (seven) consecutive years or more shall be transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Accordingly, the Company has transferred 1,09,179 Ordinary Shares of the face value of Rs. 10 per share to the demat account of the IEPF Authority during the financial year 2017-18.

The Company had sent individual notice to all the shareholders whose shares were due to be transferred to the IEPF Authority and has also published newspaper advertisement in this regard. The details of such shares transferred to IEPF has been uploaded on the website of the Company at [www.punjabchemicals.com](http://www.punjabchemicals.com).

The Members/claimants whose shares and unclaimed dividend have been transferred to the IEPF Authority can claim the same by making an application to the IEPF Authority in Form IEPF- 5 along with requisite documents (available on [www.iepf.gov.in](http://www.iepf.gov.in)) and sending duly signed physical copy of the same to the Company along with requisite documents prescribed in Form IEPF-5. Member/ claimant can file only one consolidated claim in a financial year as per the IEPF Rules. No claims shall lie against the Company in respect of the dividend/shares so transferred.

23. SEBI has decided that securities of listed companies can be transferred only in dematerialised form w.e.f. 5<sup>th</sup> December, 2018. In view of the above members are advised to dematerialise shares held by them in physical form.

#### 24. **Voting through electronic means:**

In terms of Sections 107 and 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI Listing Regulations, the Company has provided a facility to the Members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited (CDSL). The facility for voting through poll/ ballot paper will also be made available at the AGM and the Members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through poll/ ballot paper. **Members who cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.**

The instructions for shareholders voting electronically are as under:

- i) The voting period begins on **Monday, 17<sup>th</sup> September, 2018 at 9:00 a.m. (IST)** and ends on **Wednesday, 19<sup>th</sup> September, 2018 at 5:00 p.m. (IST)**. During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. **Thursday, 13<sup>th</sup> September, 2018** 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 e-voting website '[www.evotingindia.com](http://www.evotingindia.com)' during the voting period.
- iv) Click on "**Shareholders**" tab.
- v) Now, enter your User ID:
  - a) For NSDL:- 8 Characters DP ID Followed By 8 Digits Client ID
  - b) For CDSL:- 16 Digits Beneficiary 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](http://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:



PAN	<ul style="list-style-type: none"> <li>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</li> <li>In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Date of Birth (DOB) or Dividend Bank Details	<p>Please enter the DOB (in dd/mm/yyyy format) or Dividend Bank Details as recorded in your demat account or in the Company records in order to login.</p> <p>If both the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v)</p>

- 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 the 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. Kindly ensure that you note down your password for future reference.
- 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) **Select the EVSN of Punjab Chemicals and Crop Protection Limited.**
- xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/ NO" for voting. **Select the option "YES" or "NO" as desired.** The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv) After selecting the resolution you have decided to vote on, **click on "SUBMIT"**. A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- xix) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xx) Note for Non-Individual Shareholders and Custodians:
  - a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c) 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.
  - d) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - e) 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](http://www.evotingindia.com) under "HELP" section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



25. The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting, as well as voting at the Meeting through electronic voting system or poll paper.
26. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing user ID and password for casting vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evotingindia.com](http://www.evotingindia.com).
27. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut off date of 13<sup>th</sup> September, 2018 only shall be entitled to avail the facility of remote e-voting.
28. Shri S. K Sharma, Practicing Company Secretary (C.P No. 3864) has been appointed as the Scrutinizer for scrutinizing the remote e-voting process as well as voting process at the AGM in a fair and transparent manner.
29. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting through ballot paper with the assistance of the Scrutinizer for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
30. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the meeting and, thereafter unblock the votes cast through remote e-voting, in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours from the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
31. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.punjabchemicals.com](http://www.punjabchemicals.com) and on the website of the CDSL after the same is declared by the Chairman/ authorized person. The Results shall also be simultaneously forwarded to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
32. **The route map showing directions to reach the venue of the AGM is annexed.**

By order of the Board of Directors

**Punit K Abrol**

Sr. V.P. (Finance) & Secretary

Date: 29<sup>th</sup> May, 2018

**Registered Office:**

Milestone 18, Ambala Kalka Road,  
Village & P.O Bhankharpur,  
Derabassi, Dist. SAS Nagar,  
Mohali (Punjab)- 140201  
CIN: L24231PB1975PLC047063





## EXPLANATORY STATEMENT (PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013)

The following statement sets out all material facts relating to the businesses mentioned in the accompanying Notice:

### ITEM NO. 3:

As per the provisions of Section 149 (1) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, every listed Company as well as every other public Company having paid up share capital of Rs 100 crores or more or turnover of Rs. 300 crores or more is required to appoint atleast one Woman Director on the Board of the Company.

In view of the resignation of Smt. Sindhu Seth, it is required to appoint another Woman Director on the Board of the Company. Accordingly, the Board of Directors of the Company at its meeting held on 29<sup>th</sup> May, 2018, appointed Smt. Aruna R. Bhinge (DIN: 07474950) as an Additional Director of the Company, based on the recommendation of the Nomination and Remuneration Committee. Pursuant to the provisions of Section 160 and 161 of the Act she holds office of Director only upto the conclusion of this Annual General Meeting. She is a Company Director, Consultant and Coach. In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying his intention to propose the candidature of Smt. Aruna R. Bhinge for the office of Director. The requirement of deposit of amount while appointing a new Director of the Company is done away vide notification dated February 9, 2018 issued by the Ministry of Corporate Affairs, New Delhi, provided the appointment of Director is recommended by the Nomination and Remuneration Committee of the Company.

The Nomination and Remuneration Committee in its meeting held on 29<sup>th</sup> May, 2018 assessed the profile of Smt. Aruna R. Bhinge and recommended her appointment as Non Executive Non Independent Woman Director, liable to retire by rotation to the Board of Directors of the Company.

The detailed profile of Smt. Aruna R. Bhinge regarding Directorship and Committee position held by her is included separately in the Notice and report on Corporate Governance forming part of the Annual Report.

The Company has received from Smt Aruna R. Bhinge (i) consent in writing to act as Director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, and (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub section (2) of Section 164 of the Act.

Copy of the above referred documents shall be open for inspection without any fee by the members at the Company's Registered Office during normal business hours on any working

day, excluding Saturday and Sunday upto the date of the Meeting. Smt Aruna R Bhinge is interested in the resolution set out at Item No. 3 of the Notice with regard to her appointment. Relatives of Smt Aruna R Bhinge may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board recommends the Ordinary Resolution set forth in Item No. 3 of the Notice for the approval of the Members.

### ITEM NO.4:

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s Khushwinder Kumar & Co. Cost Accountant, Jalandhar (Firm Registration No.100123) as the Cost Auditor of the Company to conduct audit of the cost records of all the Divisions of the Company for the financial year 2018-19 on a consolidated remuneration of Rs. 1,10,000/- (Rupees One Lac ten thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the members.

By order of the Board of Directors

**Punit K Abrol**

Sr. V.P. (Finance) & Secretary

Date: 29<sup>th</sup> May, 2018

### Registered Office:

Milestone 18, Ambala Kalka Road,  
Village & P.O Bhankharpur,  
Derabassi, Dist. SAS Nagar,  
Mohali (Punjab)- 140201  
CIN: L24231PB1975PLC047063

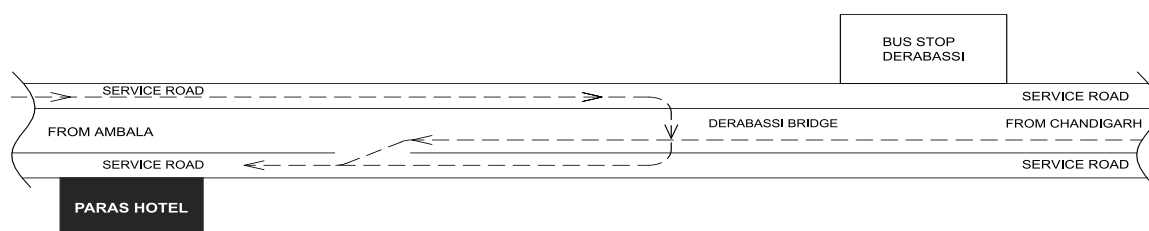


**ADDITIONAL INFORMATION ON DIRECTORS BEING APPOINTED / RE-APPOINTED AS REQUIRED UNDER REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, IN THE ORDER OF THE ITEMS MENTIONED IN THE NOTICE:**

<b>Name of the Director</b>	<b>Shri Shivshankar Shripal Tiwari</b>
DIN	00019058
Date of Birth	August 30, 1953
Age	65 Years
Date of first appointment	May 28, 2015
Qualifications	M.Sc., Post graduate Diploma-Business Management
Expertise in specific functional areas	He is experienced in managing the chemical plants, production, manpower and domestic commercial market of chemicals.
Directorship in other Public Limited Companies (excluding foreign companies, private companies & Section 8 companies)	Not Applicable
Membership of Committees/ Chairmanship in other Public Limited Companies	Not Applicable
No. of Board Meeting attended during the year 2017-18	5
No. of shares held	11,589
Relationships between Directors inter-se	No
Terms and conditions of appointment or re-appointment	Non-Executive Non-Independent Director liable to retire by rotation
Remuneration last drawn (including Sitting fees, if any)	Sitting fees as disclosed in report on corporate governance forming part of Annual Report for FY 2017-18.

<b>Name of the Director</b>	<b>Smt. Aruna R. Bhinge</b>
DIN	07474950
Date of Birth	September 9, 1957
Age	61 Years
Date of first appointment	May 29, 2018
Qualifications	Master of Management Studies from Narsee Monjee Institute of Management Studies, Master of Science from University of Bombay.
Expertise in specific functional areas	More than 30 years of experience with leadership positions in business strategy, marketing, sales, projects & partnership in the healthcare and agri business sectors.
Directorship in other Public Limited Companies (excluding foreign companies, private companies & Section 8 companies)	Mahindra Agri Solutions Limited. Laurus Labs Limited.
Membership of Committees/ Chairmanship in other Public Limited Companies	1. Member of Audit Committee of Laurus Labs Limited. 2. Member of CSR Committee of Laurus Labs Limited. 3. Chairperson of CSR Committee of Mahindra Agri Solutions Limited.
No. of Board Meeting attended during the year 2017-18	Not Applicable
No. of shares held	Nil
Relationships between Directors inter-se	No
Terms and conditions of appointment or re-appointment	Non-Executive Non-Independent Director liable to retire by rotation
Remuneration last drawn (including Sitting fees, if any)	Not Applicable

**ROAD MAP OF PARAS HOTEL DERABASSI**





## DIRECTORS REPORT

### TO THE MEMBERS,

1. Your Directors are pleased to present the 42<sup>nd</sup> Annual Report of the business and operations alongwith the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended on March 31, 2018.

### 2. FINANCIAL RESULTS:

The financial performance of the Company for the year ended March 31, 2018 is summarized below:

(Rs. In lac)

Particulars	Consolidated*		Standalone	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations and Other Income	50692	54858	50219	45215
<b>Earnings before Interest, Depreciation &amp; Tax &amp; Exceptional item (EBIDTA)</b>	5262	2754	4567	3468
Depreciation/Amortisation	1394	1606	1394	1431
Finance Cost	1768	3068	1751	2174
<b>Profit / (Loss) before Tax &amp; Exceptional item</b>	2100	(1920)	1422	(137)
<b>Exceptional (Expenses) / Income</b>	326	-	326	-
<b>Profit / (Loss) before Tax (PBT)</b>	2426	(1920)	1748	(137)
Income Tax Expenses:				
Current Tax	297	-	297	-
Adjustment of tax pertaining to earlier periods	(51)	-	(51)	-
Deferred Tax	462	73	462	73
<b>Total Income Tax Expenses</b>	708	73	708	73
<b>Profit / (Loss) after Tax (PAT)</b>	1718	(1993)	1040	(210)
<b>Other Comprehensive income / expense not to be reclassified to profit or loss in subsequent period</b>	(336)	373	(14)	13
<b>Total comprehensive income for the period</b>	1382	(1620)	1026	(197)
<b>Earning per share (EPS)</b>				
Basic and diluted (in Rs.) (not annualized)	14.01	(16.25)	8.48	(1.71)

#### Notes:

- a) \*Consolidated accounts consist of standalone and overseas subsidiary Companies.
- b) Figures for the previous period have been regrouped to the extent necessary.

### 3. ADOPTION OF IND-AS:

The Company adopted Indian Accounting Standards (Ind-AS) from 01 April, 2017 with the transition date of 01 April 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind-AS) 34-Interim Financial Reporting and other

accounting principles generally accepted in India. Consequently, erstwhile Indian Generally Accepted Accounting Principles (IGAAP) results for the year ended 31 March 2017 has been restated to make them comparable. Reconciliation of net profit and equity as reported under erstwhile IGAAP and as restated now under Ind-AS is as under:



**Standalone:**

(Rs. in lac)

Particulars	Equity	Net Profit	
	As at	Quarter ended	Year ended
	31-Mar	31-Mar	31-Mar
	(Audited)	(Audited)	(Audited)
	2017	2017	2017
<b>Net profit / (loss) as reported under erstwhile IGAAP</b>	5,665	(402)	213
a) Actuarial gain on defined benefit plans reclassified to Other Comprehensive Income	-	13	(8)
b) Finance cost adjustment on account of Fair valuation of borrowings	532	(89)	(367)
c) Fair value of investments	(136)	-	-
d) Others	169	25	25
e) Tax*	957	150	(73)
<b>Net Profit / (loss) now reported under Ind-AS</b>	<b>7,187</b>	<b>(303)</b>	<b>(210)</b>

\* Includes tax effect of above mentioned items and adjustment for reassessment of probability of realization of unrecognized deferred tax asset

**Consolidated:**

(Rs. in lac)

Particulars	Equity	Net Profit
	As at	Year ended
	31-Mar	31-Mar
	(Audited)	(Audited)
	2017	2017
<b>Net profit / (loss) as reported under erstwhile IGAAP</b>	4,178	(1570)
a) Actuarial gain on defined benefit plans reclassified to Other Comprehensive Income	-	(8)
b) Finance cost adjustment on account of Fair valuation of borrowings	532	(367)
c) Fair value of investments	107	-
d) Others	65	25
e) Tax*	957	(73)
<b>Net Profit / (loss) now reported under Ind-AS</b>	<b>5,839</b>	<b>(1993)</b>

\* Includes tax effect of above mentioned items and adjustment for reassessment of probability of realization of unrecognized deferred tax asset

**4. STANDALONE RESULTS:**

The Directors are happy to share that the revival steps taken by the Company's Management have yielded results. It is satisfying that accumulated losses of the earlier years have been recouped in the year under review. The performance of all the divisions have improved and accordingly, on standalone basis, the Revenue from Operations increased to Rs. 502 crore and Profit before Tax increased to Rs. 17.48 crore against the revenue of Rs. 452 crore and loss of Rs. 1.37 crore in the previous year as per Ind AS.

The Agrochemicals Division Derabassi, which contributes almost 75% of the revenue, continues to strengthen its activities by adding new products and taking cost effective measures, wherever possible. Its revenue has increased by 22% from the revenue of previous year. The operations of the Specialty and Other Chemicals Division, Lalru and Industrial Chemical Division, Pune have also shown improved results compared to the previous year. There has been a substantial increase in the job work income, contributing to better results.



## 5. OVERSEAS SUBSIDIARY COMPANY RESULTS:

The Company adopted the strategy to divest its non-performing assets and non-profitable businesses. The results of Sintesis Quimica were affecting the consolidated results of the Company, therefore, as approved by the members, the entire shareholding in the Company was sold by the overseas wholly owned subsidiaries of the Company vide Agreement dated 28th September 2017 to an unrelated party. Sintesis Quimica is therefore no longer a step-down subsidiary of the Company. The Financial Results up to the date of agreement were not available due to administrative reasons, therefore, the same could not be consolidated with the accounts of the year under review. However, the losses of investment and other related expenses have been taken into the books of account.

On 31st March, 2018, the Company had two overseas subsidiaries namely - SD AgChem (Europe) NV and STS Chemicals (UK) Ltd. During the year under review, the operational results were as follows:

### (i) SD Agchem (Europe) NV:

The total income was Rs. 16.14 crore with net profit of Rs. 3.70 crore, compared to the Income of Rs. 5.66 crore and Profit of Rs. 1.29 crore in the previous year.

### (ii) STS Chemicals (UK) Limited (STS):

There was no commercial activity in the Company. Therefore, there was a loss of Rs. 1 lac against loss of Rs. 24 lac during the previous year. The Company has taken steps to dissolve this Company because there was no business activity and also no further plans for doing business in this Company. The required approval of dissolution from the concerned authorities has been received.

In compliance with Section 129 of the Act, a statement containing requisite details including financial highlights of the operation of all the subsidiaries in Form AOC-1 is annexed to the report as **Annexure 1**.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements including the consolidated financial statements and related information of the Company and audited accounts of the subsidiaries are available on the website of the Company [www.punjabchemicals.com](http://www.punjabchemicals.com). These documents will also be available for inspection during business hours at the Registered Office of the Company.

The Policy for determining material subsidiaries, adopted by the Board of Directors, pursuant to Regulation 16 of the SEBI (LODR) Regulations, 2015 (hereinafter called as "Listing Regulations") can be accessed on the Company's website [www.punjabchemicals.com](http://www.punjabchemicals.com).

## 6. CONSOLIDATED RESULTS:

Your Company has prepared the Consolidated Financial Statements in accordance with Section 133 of the Companies Act 2013 read with Indian Accounting Standard IND AS 27 (Consolidated and Separate Financial Statements), IND AS 28 –(Accounting for Investments in Associates in Consolidated Financial Statements) and IND AS 31 (Financial Reporting of Interest in Joint Ventures) notified by the Companies (Accounts) Rules, 2014 and Companies (Accounting Standard) Amendment Rules 2016 except Sintesis Quimica, Argentina which was sold on 28<sup>th</sup> September, 2017 and the results upto the said period were not available as not shared by the buyer.

The audited consolidated financial statements of other subsidiary Companies together with Auditors' Report form part of the Annual Report.

The consolidated accounts during the period under review show that the total revenue of Rs. 507 crore with a net profit before tax of Rs. 24 crore against the total income of Rs. 549 crore and net loss of Rs. 19.20 crore (including Sintesis Quimica) in the previous year.

## 7. RESERVES:

Your Directors do not propose to transfer any amount to the general reserve and entire amount of profit for the year forms part of the 'Retained Earnings'.

## 8. DIVIDEND:

Your Directors after due consideration regret their inability to recommend any dividend for the financial year under review in view of the commitment towards Banks for alignment of debts.

## 9. KEY DEVELOPMENTS:

### Prepayment of outstanding debts of the lenders:

As informed in the last Annual Report, the Company had entered into One Time Settlement with the Central Bank of India for the outstanding dues. The necessary adjustments in the books of account have been carried out after the payment of entire OTS amount in the accounts of the financial year under review. Union Bank of India, EXIM Bank and Allahabad Bank have accepted the proposal for prepayment of debts of the Company. The Company is in the process of completing all formalities in this regard.

### Change of the Registered office:

As approved by the Members of the Company and other Regulatory Authorities, Registered Office of the Company was shifted from the Union Territory of Chandigarh to the State of Punjab at Milestone 18, Ambala Kalka Road, Village & P.O Bhankharpur, Derabassi, Distt. SAS Nagar, Mohali (Punjab)- 140201, India. The required information has been placed on the website of the Company, National Stock



Exchange of India Limited and BSE Limited.

### **Re-Classification of Excel Industries Limited from Promoter Group to Public Category:**

The shareholders of the Company, on February 2, 2018 by means of special resolution passed through Postal Ballot, have given their approval for reclassification of Excel Industries Limited from Promoter Group to Public Category, as they were neither involved in the management nor holding any controlling stake in the Company. BSE and NSE have given approval for the re-classification of Promoter under Regulation 31A of SEBI (LODR) Regulations, 2015.

Presently, Shri Shalil Shashikumar Shroff along with his family and relatives collectively as "Shalil Shroff group" are the only Promoters of the Company.

## **10. STATE OF AFFAIRS OF THE COMPANY:**

The State of Affairs of the Company is presented as part of Management Discussion and Analysis Report forming part of this Report.

## **11. OUTLOOK:**

The main business of your Company is manufacturing Performance chemicals which includes Agro Chemicals and other specialty chemicals. We are present in both domestic and export markets. The Company has also an arrangement with few multinational Companies for contract manufacturing and sale of its products.

In view of the scenario described in the management discussions your Company is expected to grow with wide range of products and manufacturing expertise barring unforeseen circumstances.

## **12. FINANCE:**

As stated in the Annual Report of last year, the Management has taken various steps to improve the liquidity position of the Company. The steps viz. sale of non performing assets and non profitable business, taking up toll manufacturing in a large scale and tie up with major customers to minimise the credit period have helped in running the business.

During the year the Company has not raised any additional borrowings except a few Inter Corporate Deposits for meeting part of the working capital requirements and taken few assets on lease.

## **13. PUBLIC DEPOSITS:**

Your Company had not accepted any Public Deposits under Chapter V of the Companies Act, 2013.

## **14. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **a) Changes in the composition of the Board of Directors:**

Smt. Sindhu Seth (DIN: 00109298), a Non-Executive Non Independent Director resigned from the Board

due to personal reasons and the same was accepted by the Board of Directors in their meeting held on 29<sup>th</sup> May, 2018. The Board has expressed its gratitude and placed on record its appreciation for her contribution as a Director.

The Nomination and Remuneration Committee in its meeting held on 29<sup>th</sup> May, 2018 assessed the profile of Smt. Aruna R. Bhinge, Company Director, Consultant and Coach and recommended her appointment as Non Executive Non Independent Woman Director, liable to retire by rotation, to the Board of Directors of the Company. Pursuant to Section 161(1) read with section 149 of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Aruna R. Bhinge (DIN: 07474950) was appointed as an Additional Director designated as Woman Director w.e.f. 29<sup>th</sup> May, 2018 by the Board of the Company, who shall hold office up to the date of the ensuing Annual General Meeting. In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying her intention to propose the candidature of Smt. Aruna R. Bhinge for the office of a Director.

### **b) Independent Directors:**

As required under the Companies Act, 2013, the Company has three Independent Directors on the Board of the Company namely Shri Mukesh Dahyabhai Patel (DIN:00009605), Shri Vijay Dilbagh Rai (DIN:00075837) and Shri Sheo Prasad Singh (DIN: 06493455).

The Independent Directors have given the required undertaking for compliance of the criteria of independence laid down in Section 149 (7) of the Companies Act, 2013. The same has been received and placed before the Board in its meeting held on 29<sup>th</sup> May, 2018.

### **c) Retirement by rotation:**

In terms of Section 152 of the Companies Act, 2013 and the provisions of the Articles of Association of the Company, Shri Shivshankar Shripal Tiwari (DIN: 00019058), Director of the Company retires by rotation at the forthcoming Annual General Meeting. He being eligible, has offered himself for re-appointment. The Board of Directors has recommended his re-appointment as Director of the Company, liable to retire by rotation.

### **d) Re-appointment of Managing Director and Whole Time Director:**

The shareholders of the Company, on February 2, 2018 by means of special resolution passed through Postal





Ballot, have given their approval for:

1. Re-appointment of Shri Avtar Singh (DIN: 00063569) as the Whole Time Director of the Company for a period of three (3) years from 14.11.2017 to 13.11.2020 on the terms and conditions including remuneration for the mentioned period.
2. Re-appointment of Shri Shalil Shashikumar Shroff (DIN: 00015621) as the Managing Director of the Company for a period of three (3) years from 15.01.2018 to 14.01.2021 on the terms and conditions including remuneration for the mentioned period.

- e) The Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them to attend meetings of the Company.

Details and brief resume of the Directors seeking re-appointment/appointment as required by Regulation 26 (4) and 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and as required under Secretarial Standards – 2 on General Meetings issued by The Institute of Company Secretaries of India are, are furnished in the Notice convening the Annual General Meeting forming part of the Annual Report.

Other details of the Directors have been given in the Corporate Governance Report attached to this Report.

- f) **Committees of the Board:**

The Company's Board has constituted the required Committees prescribed under the Companies Act and the Listing Regulations.

The details of Composition of the Committees and Attendance of the Committee Members in the meetings is given in the Corporate Governance Report forming part of this Annual Report.

- g) **Key Managerial Personnel ('KMP')**

In terms of the provisions of Section 2(51) and Section 203 of the Act, the Board of Directors has nominated following as KMP of the Company:

- Mr. Shalil Shashikumar Shroff, Managing Director
- Mr. Avtar Singh, Executive Director
- Mr. Vipul Joshi, Chief Financial Officer
- Mr. Punit K Abrol, Sr. V.P. (Finance) & Company Secretary
- Mr. Jain Parkash, Sr. V.P. (Works)

## 15. LISTING WITH STOCK EXCHANGES:

The Company's shares continue to be listed at the National Stock Exchange of India Limited and BSE Limited. The Annual Listing fee for the fiscal year 2017-18 has been paid to these Exchanges.

## 16. ENVIRONMENT AND POLLUTION CONTROL:

The effluent and emissions generated from the plants are regularly monitored and treated. The Company has an Effluent Treatment Plant with incinerator to treat the waste materials. In addition to this, the Company has also tied up with Common Effluent Treatment Plants set up in the nearby areas of the manufacturing sites. The Company commits for the clean and healthy environment in and around of its manufacturing sites.

## 17. WELFARE ACTIVITIES AND CORPORATE SOCIAL RESPONSIBILITY:

### i) Welfare Activities:

The Company through SDS Memorial Trust has taken up various social works for the betterment of the society.

The Company continues to organize a 'Blood Donation Camp' in the memory of Late Shri S.D. Shroff on 18<sup>th</sup> December every year. Around 92 employees donated blood this year.

### ii) Corporate Social Responsibility:

Company's Corporate Social Responsibility (CSR) Policy has been posted on the website at [www.punjabchemicals.com](http://www.punjabchemicals.com) in compliance with the disclosure about CSR Policy Rules, 2014.

During the year under review, the Company was to spend Rs. 38.06 lac based on the average net profit of the last three years on various activities for social welfare. Accordingly, the amount was spent on activities like upgradation of infrastructure of schools, preventive healthcare by way of medical camps in villages including eye operations, providing sanitation and drinking water facilities to neighboring institutions.

The detailed report as per Section 135 of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 has been attached as **Annexure 2**.

For other details regarding the CSR Committee, please refer to Corporate Governance Report, which forms part of this Report.

## 18. RESEARCH & DEVELOPMENT AND QUALITY CONTROL:

The activities of R&D consists of improvement in the processes of existing products, decrease of effluent load and to develop new products and by-products.



The Quality Control is the strength of the Company. All raw materials and finished products pass through stringent quality checks for better results.

#### 19. INSURANCE:

The Company has taken adequate insurance policies for its assets against the possible risks like fire, flood, public liability, marine, etc.

The Company has also taken Directors and Officers Liability insurance policy.

#### 20. EMPLOYEES AND INDUSTRIAL RELATIONS:

The relation between the management and employees are healthy and cordial. There is a transparency in the dealings. The Welfare Schemes viz. preventive health check up, medical facilities in the campus, Co-operative stores, etc. are used extensively by the employees. Sports activities keep the employees fit and healthy.

The Board of Directors placed on record their appreciation for the sincere efforts and commitment of the employees. Their faith and confidence in the working are largely responsible for bringing turnaround in the Company. Their sense of belongingness is noteworthy and appreciated.

#### 21. REGISTRAR AND SHARE TRANSFER AGENT:

M/s Alankit Assignments Ltd., Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi, are the Registrar and Share Transfer Agent of the Company for the Physical as well as Demat shares. The members are requested to contact the Registrar directly for any of their requirements.

#### 22. EXTRACT OF THE ANNUAL RETURN:

The information required under Section 134 (3) (a) of the Companies Act, 2013 (the Act) read together with Section 92 (3) of the Act regarding extract of the Annual Return is appended hereto as **Annexure 3** and forms part of this Report.

#### 23. NUMBER OF MEETINGS OF THE BOARD:

The Board met five (5) times during the Financial Year 2017-18, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

#### 24. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The current policy is to have an appropriate mix of Executive and Independent directors to maintain the independence of the Board and separate its function of governance and management. As on March 31, 2018, the Board consists of 8 Members, 2 of whom are Executive Directors, 2 Non Executive Non Independent Directors, 3 Independent

Directors and 1 Woman Director. The Board periodically evaluates the need for change in its composition and size.

The Nomination and Remuneration Committee has formulated a Nomination and Remuneration Policy under Section 178 (3) of the Companies Act, 2013 which lays down criteria for determining qualifications, positive attributes and independence of a Director and remuneration for the Directors, Key Managerial Personnel and senior management level including the appointment of personnel one level below the Key Managerial Personnel. The same is appended as **Annexure 4** and can be assessed at [www.punjabchemicals.com](http://www.punjabchemicals.com).

#### 25. AUDITORS' REPORTS:

##### a. Statutory Auditor Report:

The Auditors Report on Standalone Financial Statements does not contain any qualification, reservation or adverse remarks.

However, the Statutory Auditors have "Disclaimer of Opinion" in the Auditor's Report of Consolidated Financial Statements as follows:

"We draw attention to note 4 of the annual consolidated financial statements which explains that after completion of necessary legal formalities in India and Argentina, the Holding company has during the current year sold its entire stake in a overseas step down subsidiary to a unrelated third party on 28<sup>th</sup> September, 2017. The Holding Company is unable to obtain the relevant financial information relating to the period till the date of disposal from Sintesis Quimica and consequently, it is not in a position to consolidate in accordance with Indian Accounting Standard "Consolidated Financial Statement."

In addition, as explained in note (i), the group has transitioned to Ind AS in the current year. It has except for the Ind AS adjustments as may be related to the aforesaid subsidiary, adjusted the comparative financial information for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us.

On the basis of above, we were unable to determine whether any adjustments are necessary, in relation to the aforesaid subsidiary in the annual consolidated financial results for the year ended 31 March 2018, comparative period ended 31 March 2017 and as on the transition date of 1 April 2016.

Consequently other relevant assertions in the Audit Report on the Consolidated Financial Statements and report on adequacy of the internal financial controls with reference to those consolidated financial statements have been also modified."



The Board after consideration has given the following explanations and comment on the 'Disclaimer of Opinion':

"Since Sintesis Quimica (SQ) has been sold, we have not been able to get financial information for the period upto the date of disposal. Hence, we have not been able to consolidate SQ for the partial period in accordance with Indian Accounting Standard 110- "Consolidated Financial Statements." It may be noted that the modification has no impact on consolidated net profit and other comprehensive income for the year ended 31<sup>st</sup> March, 2018."

**b. Secretarial Audit Report:**

The Secretarial Audit Report for the financial year 2017-18 is annexed to this Report as **Annexure 5** and forms part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

Particulars relating to loans and guarantees or investments under section 186 of the Companies Act, 2013 are provided in the Note 6 to the standalone financial statement.

**27. RELATED PARTY TRANSACTIONS:**

There are no material related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis. Prior omnibus approval of the Audit Committee is obtained on yearly basis for the transactions which are of repetitive nature. The transactions entered into pursuant to the omnibus and specific approval are reviewed periodically by the Audit Committee. As required under SEBI (LODR), detailed related party disclosures as per Accounting Standards, please refer Note 43 of the Standalone and Consolidated Financial statements.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at [www.punjabchemicals.com](http://www.punjabchemicals.com).

None of the Directors has any material pecuniary relationships or transactions vis-a-vis the Company.

Form AOC-2 pursuant to clause (h) of sub-section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure 6** and forms

part of this Report.

**28. MATERIAL CHANGES AND COMMITMENTS, IF ANY:**

No material changes and commitments have occurred between the end of the financial year and the date of the Report which has effect on the Financial Statements.

**29. PARTICULARS REGARDING CONSERVATION OF ENERGY, ETC.:**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure 7** and forms part of this Report.

**30. RISK MANAGEMENT:**

Pursuant to Schedule V of SEBI (LODR) Regulation, 2015, the Company has voluntarily constituted a Risk Assessment Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report, forming part of the Board's Report.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company has formulated Risk Management Policy which is posted at the website of the Company at [www.punjabchemicals.com](http://www.punjabchemicals.com).

The Audit Committee also oversee the area of financial risks and controls.

**31. BOARD EVALUATION:**

The Board has carried out an annual performance evaluation of the directors individually, of the Chairman and of the Board as a whole, pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of SEBI (LODR) Regulations, 2015,. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**32. DETAILS OF FAMILIARIZATION PROGRAMME:**

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are posted on the website of the Company at [www.punjabchemicals.com](http://www.punjabchemicals.com).

**33. PARTICULARS OF EMPLOYEES:**

The employees of the Company contributed significantly in achieving the results. In terms of the provisions of Section 197(12) of the Act read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures



pertaining to remuneration and other details of the concerned employees is annexed as ***Annexure 8***.

#### 34. WHISTLE BLOWER POLICY:

Regulation 22 of the Listing Regulations & Sub-section (9 & 10) of Section 177 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, inter alia, provides, for all listed companies to establish a vigil mechanism called "Whistle Blower Policy" for directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

As a conscious and vigilant organization, the Company believes in the conduct of the affairs of its constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In its endeavour to provide its employee a secure and a fearless working environment, the Company has established the "Whistle Blower Policy".

The Whistle Blower policy and establishment of Vigil Mechanism have been appropriately communicated within the Company. The Whistle Blower Policy is also posted on the website of the Company. The purpose of the policy is to create a fearless environment for the directors and employees to report any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or Ethics Policy. It protects directors and employees wishing to raise a concern about serious irregularities within the Company.

During the year, the Company has not received any complaint under Vigil Mechanism / Whistle Blower Policy.

#### 35. INTERNAL FINANCIAL CONTROLS

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

The Company has appointed Internal Auditor to periodically audit and report of any deviation in depicting in the implementation of control. The management takes immediate corrective actions, if required.

#### 36. POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

Your Company is committed in creating and maintaining a secure work environment where its employees, agents, vendors and partners can work and pursue business together in an atmosphere free of harassment, exploitation and intimidation. To empower women and protect women

against sexual harassment, a policy for prevention of sexual harassment had been rolled out and Internal Complaints Committee as per legal guidelines had been set up. This policy allows employees to report sexual harassment at the workplace. The Internal Committee is empowered to look into all complaints of sexual harassment and facilitate free and fair inquiry process with clear time lines. The Policy on Prevention of Sexual Harassment is also posted on the website of the Company.

During the year ended 31st March, 2018, no complaints pertaining to sexual harassment was received by the Company.

#### 37. CEO/CFO CERTIFICATION:

In terms of the Listing Regulations., the Certificate duly signed by Shri Shalil Shashikumar Shroff, Managing Director (CEO) and Shri Vipul Joshi, Chief Financial Officer (CFO) of the Company was placed before the Board of Directors along with the annual financial statements for the year ended on March 31, 2018, at its meeting held on May 29, 2018. The said Certificate is also annexed to the Corporate Governance Report.

#### 38. AUDITORS:

##### a) STATUTORY AUDITORS:

M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022), Statutory Auditors of the Company were appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the Annual General Meeting held on September 14, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting has been done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 14, 2017.

##### b) SECRETARIAL AUDITORS:

The Board upon recommendation of the Audit Committee has reappointed M/s. P.S. Dua & Associates, Company Secretaries (CP No. 3934), as the Secretarial Auditor of the Company for the financial year 2018-19, in terms of Section 204 of the Companies Act, 2013 and Rules thereunder.

##### c) COST AUDITORS:

The Board of Directors upon recommendation of the Audit Committee appointed M/s Khushwinder Kumar & Co. Cost Accountant, Jalandhar (Firm Registration





No.100123) as the Cost Auditor of the Company to conduct audit of the cost accounts of all the Divisions of the Company for the financial year 2018-19. They have submitted a certificate of eligibility for the appointment.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought in the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2016-17 has been filed and the report for the year under review will be filed before the due date.

### **39. TRANSFER OF EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND:**

Pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares on which dividends remain unpaid /unclaimed for a period of 7 (seven) consecutive years or more has to be transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. Accordingly, the Company has transferred 1,09,179 Ordinary Shares of the face value of Rs. 10 per share to the demat account of the IEPF Authority during the financial year 2017-18.

The Company had sent individual notice to all the shareholders whose shares were due to be transferred to the IEPF Authority and has also published newspaper advertisement in this regard. The details of such dividends/shares transferred to IEPF are uploaded on the website of the Company at [www.punjabchemicals.com](http://www.punjabchemicals.com).

The members/claimants whose shares and unclaimed dividend have been transferred to the IEPF Authority can claim the same by making an application to the IEPF Authority in Form IEPF- 5 along with requisite documents (available on [www.iepf.gov.in](http://www.iepf.gov.in)) and sending duly signed physical copy of the same to the Company along with requisite documents prescribed in Form IEPF-5. Member/claimant can file only one consolidated claim in a financial year as per the IEPF Rules. No claims shall lie against the Company in respect of the dividend/shares so transferred.

### **40. MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE REPORT:**

#### **(i) MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management Discussion and Analysis Report on Company's performance, industry trend and other material changes with respect to the Company and

subsidiaries have been given separately in the Annual Report as required under para B of Schedule V of SEBI (LODR) Regulations, 2015.

#### **(ii) CORPORATE GOVERNANCE REPORT:**

The Company strives to maintain the required standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has complied with the Corporate Governance Code as stipulated under the Listing Regulations. The Report on Corporate Governance in accordance with para C of Schedule V of SEBI (LODR) Regulations, 2015 forms integral part of this Report.

The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance is attached to the Report on Corporate Governance

### **41. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company its future operations.

### **42. CHANGE IN THE NATURE OF BUSINESS:**

There is no change in the nature of business of the Company.

### **43. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under sub section 3 (c) of Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- b) the Directors have 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 as at March 31, 2018 and of the profit and loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts of the Company on a 'going concern' basis;



- e) the Directors has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Company. The Directors also take this opportunity to thank the shareholders, customers, suppliers, lenders, distributors and other stakeholders for the confidence reposed by them in the Company.

For and on behalf of the Board of Directors

#### 44. ACKNOWLEDGEMENT:

The Directors express their gratitude to Banks, and various other agencies for the co-operation extended to the

Place: Mumbai  
Date: May 29, 2018

**MUKESH DAHYABHAI PATEL**  
**CHAIRMAN**  
**DIN:00009605**



## ANNEXURE I TO THE DIRECTORS REPORT

# FORM AOC.1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

## Part "A": Subsidiaries

(Rs. In lacs)

Sl. No.	Name of the subsidiary	Sintesis Quimica S.A.I.C. *		SD Agchem (Europe) NV		STS Chemicals (UK) Limited**	
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same Reporting Period		Same Reporting Period		Same Reporting Period	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
2.	Reporting Currency	Peso	Peso	Euro	Euro	Sterling Pounds	Sterling Pounds
3.	Exchange rate as on 31.03.2017	-	4.21	79.80	67.08	91.45	81.05
4.	Share capital	-	84	7000	7076	2	2
5.	Reserves & Surplus	-	(161)	(8530)	(8749)	(136)	(121)
6.	Total Assets	-	10641	444	82	-	106
7.	Total Liabilities	-	10718	1974	1755	134	225
8.	Investments	-	-	-	-	-	106
9.	Turnover	-	11198	1614	530	-	-
10.	Profit before Taxation	-	(2160)	371	83	(1)	(24)
11.	Provision for Taxation	-	-	-	(46)	-	-
12.	Profit after Taxation	-	(2160)	371	129	(1)	(24)
13.	Proposed Dividend	-	-	-	-	-	-
14.	% of Shareholding	-	*100	100	100	100	100
15.	Country	Argentina	Argentina	Belgium	Belgium	U.K.	U.K.

### Note:

\*During the year, the investment in Sintesis Quimica, S.A.I.C., Argentina, a step down overseas subsidiary was divested through its wholly owned subsidiary on 28th September, 2017. No information is provided for the year under review as the financial results for the part of the year were not available.

As on 31<sup>st</sup> March, 2018, the Company has two overseas subsidiaries namely - SD Ag Chem (Europe) NV and STS Chemicals (UK) Ltd.

## Part "B" Associates and Joint Ventures

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

Sl. No.	Name of Associates/Joint Ventures	Not Applicable	
1.	Latest audited Balance Sheet Date		
2.	Shares of Associate/Joint Ventures held by the company on the year end		
	Number		
	Amount of Investment in Associates/Joint Venture		
	Extend of Holding %		
3.	Description of how there is significant influence		
4.	Reason why the associate/joint venture is not consolidated		
5.	Networth attributable to Shareholding as per latest audited Balance Sheet		
6.	Profit / Loss for the year		
	i) Considered in Consolidation		
	ii) Not Considered in Consolidation		

**MUKESH D PATEL**  
Chairman

**SHALIL SHROFF**  
Managing Director

**AVTAR SINGH**  
Director (Operations & Business Development)

Place: Mumbai  
Date: May 29, 2018

**PUNIT K ABROL**  
Sr. Vice President (Finance) & Company Secretary

**VIPUL JOSHI**  
Chief Financial Officer



## DETAILS ON CSR ACTIVITIES OF THE COMPANY FOR THE FINANCIAL YEAR 2017-18

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to CSR policy and projects or programs	The Company firmly believes in Corporate Social Responsibilities (CSR) and commits to take initiatives to contribute to harmonious and suitable development of the Society and its inhabitants. The Company shall pursue CSR activities to carry out the welfare work directly and/or through other Institutions involved in welfare of society in general. The Company shall give preference to local areas of the manufacturing sites of the Company. The activities undertaken during the year 2017-18 included the followings: 1. Renovation of School Buildings, Upgrading of School Infrastructure, Preventive Health Care, Clean Water, Construction of Mid- day Meal Shed and Sanitation. 2. Organized Medical Camps for preventive Health Care and Eye Operation Camps. 3. Construction of old age home. The Company's CSR Policy can be viewed at the website of the Company at <a href="http://www.punjabchemicals.com">www.punjabchemicals.com</a> under Investors.					
2	The Composition of CSR Committee	The Committee comprises of : a) Shri Mukesh Dahyabhai Patel, Chairman b) Shri Shalil Shashikumar Shroff, Managing Director c) Capt. Surjit Singh Chopra (Retd.), Director d) Smt. Sindhu Seth, Director (Resigned w.e.f. 29.05.2018)					
3	Average net profit of the Company for the last three financial years for the purpose of computation of CSR amount.	Rs. 1903 lac.					
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above).	Rs. 38.06 lac.					
5	Details of CSR spent during the financial year:						
a)	Total amount to be spent for the financial year.	Rs. 38.06 lac.					
b)	Amount unspent, if any.	-					
c)	Manner in which the amount spent during the year is detailed below:						
	CSR Project / Activity identified	Sector in which the Project is covered	Projects or programmes (1) Local areas (2) State and district where projects or programs was undertaken	Amount outlay (Budget) project or programs wise	Amount actual Spent on Programs/ Projects	Cumulative expenditure upto the reporting period	Amount spent: Director through Implementing Agency
a.	Improvement in infrastructure, upgradation of buildings, class rooms, play ground, sanitation & water facility in seven Govt. Schools as per their requirement in the near by villages of manufacturing sites.	Education	Local areas, Distt. Mohali, Punjab	18.25	18.15	18.15	Direct





b.	Four General Medical Camps were organized in the surrounding villages of Derabassi and Lalru during the year, where 1400 patients were examined by 17 doctors of different fields.	Preventive Health Care	Local areas, Distt. Mohali, Punjab	1.50	1.35	1.35	Direct
c.	Three Eye Check up Camps were organized in the surrounding villages of Derabassi and Lalru during the year, where 907 patients were examined and 206 patients operated (Eye Cataract Surgery). 36 patients were treated for other serious ailments. 260 spectacles were distributed.	Preventive Health Care	Local areas, Distt. Mohali, Punjab	10.75	10.82	10.82	Direct
b.	Land leveling and plantation	Health care Sanitation	Focal Point, ETP.	1.10	1.07	1.07	Direct
c.	Constructions of Old Age Home at Chamkor Sahib, Punjab.	Health care of Senior Citizens	Chamkaur Sahib, Punjab	6.50	6.96	6.96	Direct
		<b>TOTAL</b>		<b>38.10</b>	<b>38.35</b>	<b>38.35</b>	
6	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report	Nil					
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policies of the Company.	The CSR Committee of the Company has confirmed that they have implemented and monitored the CSR Policy in compliance with CSR objectives and policies of the Company					

Note: During the year the Company has completed the pending work under CSR in one of the Govt. School and spent the unspent amount of Rs. 0.77 lac of last year.

**SHALIL SHROFF**  
MEMBER, CSR COMMITTEE  
DIN: 00015621

**MUKESH D PATEL**  
CHAIRMAN, CSR COMMITTEE  
DIN:00009605



## ANNEXURE 3 TO THE DIRECTORS' REPORT

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2018

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

**Form MGT 9**

<b>I. REGISTRATION AND OTHER DETAILS:</b>	
CIN	L24231PB1975PLC047063
Registration Date	November 19, 1975
Name of the Company	Punjab Chemicals and Crop Protection Limited
Category/Sub-Category of the Company	Public Company / Limited by shares
Address of the Registered office and contact details	Milestone-18, Ambala Kalka Rd, Village & Post office Bhankharpur, Derabassi, District SAS Nagar (Mohali) -140201 Tel.: 01762-280086, 280094 Fax: 01762-280070
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Alankit Assignments Limited RTA Division, 1E/ 13, Alankit Heights, Jhandewalan Extension, New Delhi- 110 055 Tel.: 011-42541234, 23541234 Fax: 011-23552001

<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:</b>			
All the Business Activities contributing 10% or more of the total turnover of the Company (on standalone basis) are given below:			
SI No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Chemicals (Performance Chemicals)	20119, 20211	100%

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:</b>				
Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
SD Agchem (Europe) NV Uitbreidingstraat 84/B32600, Berchem (Antwerp) Belgium	N.A.	Subsidiary Company	100%	2 (87)
STS Chemicals (UK) Ltd.14, Pollard Way, Gomersal Cleckheaton, west Yorkshire BD19 4PR	N.A.	Subsidiary Company	100%	2 (87)





b) Individuals									
i) Individual shareholders holding nominal share capital up-to Rs.2 lakh	2124882	214760	2339642	19.08	1578751	142494	1721245	14.04	-5.04
ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	265021	0	265021	2.16	497396	0	497396	4.06	1.90
c) Others (specify)									
i) Trust	3700	0	3700	0.03	3700	0	3700	0.03	0
ii) Directors & Relatives	52193	125	52318	0.43	52193	0	52193	0.43	-0.001
iii) Non Resident Indian	15238	435	15673	0.13	35765	232	35997	0.29	0.17
iv) HUF	0	0	0	0	211251	0	211251	1.72	1.72
<b>Sub-Total (B)(2)</b>	<b>6057571</b>	<b>223682</b>	<b>6281253</b>	<b>51.22</b>	<b>6634320</b>	<b>147623</b>	<b>6781943</b>	<b>55.31</b>	<b>4.77</b>
<b>Total Public Shareholding (B)= (B) (1)+ (B) (2)</b>	<b>6534796</b>	<b>233522</b>	<b>6768318</b>	<b>55.20</b>	<b>7201528</b>	<b>151767</b>	<b>7353295</b>	<b>59.97</b>	<b>4.77</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>12028663</b>	<b>233522</b>	<b>12262185</b>	<b>100</b>	<b>12110418</b>	<b>151767</b>	<b>12262185</b>	<b>100</b>	<b>0.00</b>

## ii) Shareholding of Promoters:

Shareholders Name	Shareholding at the beginning of the year (April 1, 2017)			Shareholding at the end of the year (March 31, 2018)			% change in shareholding 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	
Excel Industries Ltd.*	584977	4.77	0	0	0	0	-4.77
Rupam Shalil Shroff	183191	1.49	1.49	183191	1.49	1.49	Nil
Rupam Shalil Shroff	100	0.00	0.00	100	0.00	0.00	Nil
Hemsil Trading & Manufacturing Pvt. Ltd.	4017318	32.76	32.62	4017318	32.76	32.62	Nil
Hemal Raju Shete	63750	0.52	0	63750	0.52	0	Nil
Ishika S. Shroff	27894	0.23	0	27894	0.23	0	Nil
Malvika S. Shroff	35340	0.29	0	35340	0.29	0	Nil
Salil S. Shroff HUF	77652	0.63	0	77652	0.63	0	Nil
Shalil Shashikumar Shroff	149062	1.22	0	149062	1.22	0	Nil
Shaila Shashikumar Shroff	124002	1.01	0	124002	1.01	0	Nil
Shalil Shashikumar Shroff	22125	0.18	0.18	22125	0.18	0.18	Nil
Shalil Shashikumar Shroff	167956	1.37	0	167956	1.37	0	Nil
Shalil Shashikumar Shroff	40500	0.33	0.33	40500	0.33	0.33	Nil
<b>TOAL</b>	<b>5493867</b>	<b>44.80</b>	<b>34.64</b>	<b>4908890</b>	<b>40.03</b>	<b>40.03</b>	<b>-4.77</b>

\* Excel Industries Limited was the Promoter of the Company since its inception. Since it was neither involved in the management nor held any controlling stake in the Company, therefore Excel Industries decided to be categorized as a Public shareholder. Upon approval received from the member of the company, BSE and NSE have also given approval for the said re-classification. Presently, Shri Shalil Shashikumar Shroff along with his relatives (collectively as 'Shalil Shroff group') are the only Promoters of the Company.





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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	5493867	44.80%	4908890	40.03%
Datewise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc.)	NIL		NIL * *Change in Promoters Share holding due to re-classification of the Promoters to Public shareholders (Excel Industries Limited)	
At the end of the year	5483867	44.80%	4908890	40.03%

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

Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1. Goyal Consulting Services Pvt. Ltd*	30,00,000	24.47%	Nil	Nil	Nil	30,00,000	24.47
2. Excel Industries Ltd.	584977	4.77	NA	4.77	Re-classification of the Promoter to Public shareholder	584977	4.77
3. Arial Holdings 1*	304676	2.48	08.12.2017	-20,000	Mkt.sale	284676	2.32
4. Punjab State Industrial Development Corporation Ltd*	1,22,027	1.00%	Nil	Nil	Nil	1,22,027	1.00
5. Jayesh Pratap Chand Shah*	120000	0.98	19.05.2017	7500	Mkt. Purchase	127500	1.04
			26.05.2017	32074	Mkt. Purchase	159574	1.30
			02.06.2017	5000	Mkt. Purchase	164574	1.34
			23.06.2017	-2000	Mkt. Sale	162574	1.33
			04.09.2017	-10000	Mkt. Sale	152574	1.27
			13.10.2017	-9253	Mkt. Sale	143321	1.17
6. Javeri Fiscal Services Ltd.*	49999	0.41	07.04.2017	3600	Mkt. Purchase	53599	0.44
			14.04.2017	2250	Mkt. Purchase	55849	0.46
			21.07.2017	4449	Mkt. Purchase	60348	0.49
			28.07.2017	540	Mkt. Purchase	60888	0.50
			05.05.2017	1250	Mkt. Purchase	62138	0.50
			02.06.2017	143	Mkt. Purchase	62281	0.51
			09.06.2017	1219	Mkt. Purchase	63500	0.52
			07.07.2017	33000	Mkt.sale	30500	0.25
			14.07.2017	10000	Mkt.sale	20500	0.17
			21.07.2017	2000	Mkt. Purchase	22500	0.18
			25.08.2017	3072	Mkt.sale	19428	0.16
			01.09.2017	14428	Mkt.sale	5000	0.04
			04.09.2017	40000	Mkt. Purchase	45000	0.37



Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
			07.09.2017	450	Mkt. Purchase	45450	0.37
			15.09.2017	3506	Mkt. Purchase	48956	0.40
			22.09.2017	12044	Mkt. Purchase	61000	0.50
			29.09.2017	5000	Mkt. sale	56000	0.46
			06.10.2017	27955	Mkt. sale	28045	0.23
			13.10.2017	10955	Mkt. Purchase	39000	0.32
			20.10.2017	1000	Mkt. Purchase	40000	0.33
			27.10.2017	225	Mkt. Purchase	40225	0.33
			31.10.2017	1800	Mkt. sale	42025	0.34
			03.11.2017	2024	Mkt. Purchase	44049	0.36
			10.11.2017	450	Mkt. Purchase	44449	0.36
			17.11.2017	3236	Mkt. Purchase	47335	0.39
			24.11.2017	7136	Mkt. Sale	40599	0.33
			08.12.2017	2700	Mkt. Purchase	43299	0.35
			15.12.2017	3300	Mkt. Sale	39999	0.33
			22.12.2017	950	Mkt. Purchase	40949	0.33
			29.12.2017	14955	Mkt. Purchase	55904	0.46
			05.01.2018	20000	Mkt. Sale	35904	0.29
			12.01.2018	45	Mkt. Purchase	35949	0.29
			19.01.2018	51	Mkt. Purchase	36000	0.29
			02.02.2018	22000	Mkt. sale	14000	0.11
			09.02.2018	3262	Mkt. Purchase	17262	0.14
			16.02.2018	3262	Mkt. Sale	14000	0.11
			23.02.2018	45000	Mkt. Purchase	59000	0.48
			02.03.2018	3500	Mkt. Purchase	62500	0.50
			09.03.2018	16500	Mkt. Sale	46000	0.38
			16.03.2018	28000	Mkt. Purchase	74000	0.60
			23.03.2018	11965	Mkt. Sale	62035	0.51
			30.03.2018	87928	Mkt. Purchase	149963	1.22
7. Investor Education and Protection fund Authority (MCA)	0	0	08.12.2017	80723	Trf to IEPF	80723	0.66
			15.12.2017	1751	Trf to IEPF	82474	0.67
			29.12.2017	26705	Trf to IEPF	109179	0.89
8. Kwaliti Alutrade Pvt. Ltd.*	40000	0.33	07.04.2017	4700	Mkt. Purchase	44700	0.36
			14.04.2017	3000	Mkt. Purchase	47700	0.39
			31.04.2017	4601	Mkt. Purchase	52301	0.43
			28.04.2017	1412	Mkt. Purchase	53713	0.44
			05.05.2017	21678	Mkt. Sale	32035	0.26
			12.05.2017	582	Mkt. Sale	31453	0.25
			19.05.2017	4649	Mkt. Purchase	36102	0.29
			26.05.2017	15564	Mkt. Purchase	51666	0.42
			02.06.2017	5894	Mkt. Purchase	57560	0.47
			09.06.2017	3990	Mkt. Purchase	61550	0.50
			16.06.2017	20000	Mkt. Sale	41550	0.34
			23.06.2017	10000	Mkt. Sale	31550	0.26
			30.06.2017	2500	Mkt. Purchase	34050	0.27



Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
			07.07.2017	1250	Mkt. Purchase	35300	0.28
			21.07.2017	1000	Mkt. Purchase	36300	0.30
			28.07.2017	25000	Mkt. Sale	11300	0.09
			04.08.2017	46	Mkt. Sale	11254	0.09
			01.09.2017	2500	Mkt. Purchase	13754	0.011
			04.09.2017	2500	Mkt. Sale	11254	0.09
			15.09.2017	3000	Mkt. Purchase	14254	0.14
			29.09.2017	6468	Mkt. Purchase	20722	0.17
			06.10.2017	9468	Mkt. Sale	11254	0.16
			13.10.2017	750	Mkt. Purchase	12004	0.09
			27.10.2017	5400	Mkt. Purchase	17404	0.14
			31.10.2017	100	Mkt. Purchase	17504	0.14
			03.11.2017	3119	Mkt. Purchase	20623	0.17
			24.11.2017	659	Mkt. Sale	19964	0.16
			01.12.2017	1750	Mkt. Purchase	21714	0.18
			08.12.2017	3960	Mkt. Sale	17754	0.14
			15.12.2017	21699	Mkt. Purchase	39453	0.32
			22.12.2017	1433	Mkt. Purchase	40886	0.33
			05.01.2018	7868	Mkt. Purchase	48754	0.40
			19.01.2018	1246	Mkt. Purchase	50000	0.41
			09.03.2018	2000	Mkt. Purchase	52000	0.42
			16.03.2018	2000	Mkt. Purchase	54000	0.44
9. Navin Chandra Dhirajlal Doshi			14.04.2017	62775	Mkt. Purchase	62775	0.51
			05.05.2017	-15000	Mkt. sale	47775	0.39
			07.07.2017	-16000	Mkt. sale	31775	0.25
			14.07.2017	3000	Mkt. Purchase	34774	0.28
			04.08.2017	43000	Mkt. Purchase	77775	0.63
			11.08.2017	-11000	Mkt. sale	66775	0.54
			22.09.2017	2215	Mkt. Purchase	68890	0.56
			29.09.2017	5798	Mkt. Purchase	74788	0.60
			13.10.2017	2000	Mkt. Purchase	76788	0.62
			17.11.2017	-8000	Mkt. sale	68788	0.56
			29.12.2017	-17782	Mkt. sale	51006	0.42
			09.02.2018	17782	Mkt. Purchase	68788	0.56
			30.03.2018	11000	Mkt. Purchase	79788	0.65
10. C. Mackertich			25.01.2018	75000	Mkt. Purchase	75000	0.61

Note: \* Common top 10 shareholders as on 31<sup>st</sup> March, 2017



## v) Shareholding of Directors and Key Managerial Personnel

Name	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
Shalil Shashi Kumar Shroff*	2,30,581	3.10%	13.06.2015	Nil	Nil	2,30,581	1.88
Mukesh Dahyabhai Patel	400	0.00%	Nil	Nil	Nil	400	0.00
Avtar Singh	7,911	0.06%	Nil	Nil	Nil	7,911	0.06
Shiv Shankar ShripalTiwari*	11,714	0.09%	125	125	Trf to IEPF	11,589	0.09
Vipul Harsukhlal Joshi	1,114	0.009%	Nil	Nil	Nil	1,114	0.009
Punit Kumar Abrol	1	0.00%	Nil	Nil	Nil	1	0.00
Jain Parkash	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: \* Shareholding in the first individual name of the Director has been considered here.

## V. INDEBTEDNESS (Rs: in Lacs)

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	13943	317	-	14260
ii) Interest due but not paid	217	-	-	217
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>14160</b>	<b>317</b>	<b>-</b>	<b>14477</b>
<b>Change in Indebtedness during the year</b>				
Addition	-	299	-	299
Reduction	(3024)	-	-	(3024)
<b>Net Change</b>	<b>(3024)</b>	<b>299</b>	<b>-</b>	<b>(2725)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11070	616	-	11686
ii) Interest due but not paid	66	-	-	66
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>11136</b>	<b>616</b>	<b>-</b>	<b>11752</b>





## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Rs Lac)

Particulars of Remuneration	Shalil Shashikumar Shroff Managing Director	Avtar Singh Whole-Time Director	Total Amount
1. Gross Salary			
a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	77.07	72.32	149.39
b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	18.27	20.30	38.57
c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil
2. Stock Options	Nil	Nil	Nil
3. Sweat Equity	Nil	Nil	Nil
4. Commission			
- as % of profit	Nil	Nil	Nil
- others, specify	Nil	Nil	Nil
5. Others, please specify			
a) Retiral benefits	Nil	Nil	Nil
<b>TOTAL (A)*</b>	<b>95.34</b>	<b>92.62</b>	<b>187.96</b>
Ceiling : 5% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013 to each of the Executive Directors.			

\* Paid & Provided.

### B. Remuneration to Other Directors

#### 1. Independent Directors

(Rs. In lacs)

Particulars of Remuneration	Vijay Rai	Mukesh Dahyabhai Patel	Sheo Prasad Singh	Total amount
- Fee for attending Board/ Committee Meetings	2.55	2.85	1.65	7.05
- Commission	Nil	Nil	Nil	Nil
- Others, please specify	Nil	Nil	Nil	Nil
<b>TOTAL (B)(1)</b>	<b>2.55</b>	<b>2.85</b>	<b>1.65</b>	<b>7.05</b>

#### 2. Other Non-Executive Directors

(Rs. In lacs)

Particulars of Remuneration	Capt. Surjit Singh Chopra	Ghattu Ramanna Narayan*	Shivshankar Shripal Tiwari	Sindhu Seth	Total amount
- Fee for attending Board/ Committee Meetings	0.90	0.15	0.90	1.20	3.15
- Commission	Nil	Nil	Nil	Nil	Nil
- Others, please specify	Nil	Nil	Nil	Nil	Nil
<b>TOTAL (B)(2)</b>	<b>0.90</b>	<b>0.15</b>	<b>0.90</b>	<b>1.20</b>	<b>3.15</b>

Ceiling : Sitting fees and commission was paid to Directors who are not Executive Directors which is within the limits, as per the Companies Act, 2013.

The Board has recommended / approved a commission of Rs. 20 lacs to the Non-Executive Directors for the year 2017-18 to be distributed / paid in the current financial year as decided by the Chairman.

\* Shri Ghattu Ramanna Narayan is the Chairman Emeritus of the Company.



C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD				(Rs. In lacs)
1. Independent Directors (Rs. In lacs)				
Particulars of Remuneration	Punit Kumar Abrol Company Secretary	Vipul Harsukhlal Joshi Chief Financial Officer	Jain Parkash Sr. V.P. Works	Total amount
1. Gross Salary				
a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	49.93	64.47	47.38	161.78
b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	5.08	3.14	4.15	12.37
c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2. Stock Options	Nil	Nil	Nil	Nil
3. Sweat Equity	Nil	Nil	Nil	Nil
4. Commission				
- as % of profit	Nil	Nil	Nil	Nil
- others, specify	Nil	Nil	Nil	Nil
5. Others, please specify				
a) Retiral benefits	Nil	Nil	Nil	Nil
TOTAL (C)	55.01	67.61	51.53	174.15

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authorities (RD/ NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>	<b>NOT APPLICABLE</b>				
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>	<b>NOT APPLICABLE</b>				
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>	<b>NOT APPLICABLE</b>				
Penalty					
Punishment					
Compounding					



## ANNEXURE 4 TO THE DIRECTORS' REPORT

**NOMINATION & REMUNERATION POLICY**

This Nomination and Remuneration Policy of Punjab Chemicals and Crop Protection Limited was approved by the Board of Directors (Board) at their Meeting held on 29.05.2014 and amended by the Board on 30.05.2016 by revising composition of the Committee and by inserting point no. (xiv) Of terms of reference and further amendment by the Board on 29.05.2018 by revising composition of the Committee.

**Introduction:**

The Philosophy of the Company is that human resources are the greatest asset of the Company.

The endeavor of the management has always been to create world class human resources and inculcate belongingness towards the Company. The employees should work in harmony, understand the importance of every work and create the work culture which is adoptable and acceptable at all levels.

**Responsibility:**

The responsibility to implement this work culture lies with the top level management.

In view of the aforesaid philosophy and in compliance to the provisions of the Companies Act, 2013 and the Listing Agreement, the Board of Directors have constituted the **"Nomination and Remuneration Committee"**, (hereinafter referred to as the "Committee") to oversee the Company's nomination process for the top level management. The Committee has to specifically identify, screen and review individuals qualified to serve as the Executive Directors, Non-Executive Directors and Independent Directors, consistent with criteria approved by the Board and to recommend for approval to the Board, nominate for election at the Annual General Meeting of shareholders.

To fulfill the objective of creating, preparing policies of the top level management and retaining the good, efficient and professional human resources, the committee shall oversee the appointment of Key Managerial Personnel and senior management level including the appointment of personnel one level below the Key Managerial Personnel.

The Committee shall ensure that remuneration so paid to them is reasonable and sufficient to attract, retain and motivate the employees.

The committee shall also co-ordinate and overview the annual self evaluation of the performance of the Board and of individual Directors in the governance of the Company.

Another important responsibility of the committee is to create a sound succession planning of the senior leadership, vital for the robust future of the Company. Therefore, the committee

has to adopt a rigorous process to ensure that the Board selects the right candidates for the senior leadership positions.

**Review of Policy:**

The policy is to be reviewed by the Board to ensure it remains consistent with Board's objectives and responsibilities.

**Publication of Policy:**

A copy of this policy is available at the website of the Company ([www.punjabchemicals.com](http://www.punjabchemicals.com)). This policy is to be made available to the shareholders of the Company upon request.

The present composition of the Committee and terms of reference are appended herewith.

**NOMINATION AND REMUNERATION COMMITTEE****Composition:**

In Compliance to the Companies Act, 2013 (hereinafter referred to as "Act") and the Listing Agreement, the Board of Directors in its meeting held on 29<sup>th</sup> May, 2014 changed the name of the Remuneration Committee by renaming it as "Nomination and Remuneration Committee" (hereinafter referred to as the "Committee"). This Committee comprises of the following Directors:

- |                                                     |   |                                       |
|-----------------------------------------------------|---|---------------------------------------|
| 1. Shri Vijay Rai<br>Independent Director           | : | Chairman & Member<br>of the Committee |
| 2. Shri M.D. Patel<br>Independent Director          | : | Member of the<br>Committee            |
| 3. Shri S.P. Singh<br>Independent Director          | : | Member of the<br>Committee            |
| 4. Smt. Aruna R. Bhinge<br>Non-Independent Director | : | Member of the<br>Committee            |

As per the Act, the members of the Committee shall be Non-Executive Directors and at least half of them shall be independent.

**Terms of Reference:**

The Terms of Reference of the Committee shall, inter alia, include the following:

- To finalise the criteria for determining qualification, experience, positive attributes and independence of persons who are qualified to become Directors (Executive and Non-Executive), Key Managerial Personnel and at Senior Management level and to recommend to the Board their appointment and / or removal.
- To carry out evaluation of performance of Directors, as well as Key Managerial and Sr. Management Personnel.



- iii) To establish the criteria and process to assist the Board and each of its Committees in their performance evaluations.
- iv) To determine Remuneration for the Directors, Key Managerial Personnel and other senior officers based on the Company's size, financial position and trends and practices on remuneration prevailing in peer companies especially in the manufacturing industry.
- v) To recommend for the rewards linked directly to their efforts, performance, dedication and achievements relating to the Company's operations.
- vi) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- vii) To recommend/review remuneration of the Managing Director and Executive Directors based on their performance and defined assessment criteria.
- viii) To make recommendations to the Board, as appropriate, for the service conditions of the Key Managerial Personnel and other senior officers.
- ix)
  - a) To develop the process and recommend to the Board for approval of CEO (Managing Director) and Succession Plan ("the succession plan").
  - b) To review the Succession Plan periodically with the CEO, develop and evaluate potential candidates for executive positions and recommend to the Board any change, if required under the Succession Plan.
- x) To meet atleast once in a year, in conjunction with other Committee meetings and Board Meetings. Additional meetings of the Committee can be held from time to time as determined by the Board or the Chairman of the Committee, if so requested by any member of the Committee.
- xi) To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme as and when the Company comes with the scheme and to recommend:
  - a) The quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
  - b) The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
  - c) The exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period;
  - d) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - e) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - f) The procedure for making a fair and reasonable adjustment to the number of options.
  - g) The granting, vesting and exercising of options in case of employees who are on long leave, and the procedure for cashless exercise of options.
- xii) A member of the Committee is not entitled to be present when his or her own salary or fee is discussed at a meeting or when his or her performance is being evaluated.
- xiii) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- xiv) To change the composition of the Committee from time to time and place the new composition or any new term of reference on the website of the Company after approval of the Board.

**(Vijay Rai)**

Chairman

Nomination and Remuneration Committee  
Punjab Chemicals and Crop Protection Ltd.



## ANNEXURE 5 TO THE DIRECTORS' REPORT

**Form No. MR-3  
SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31.03.2018**

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

**To****The Members****Punjab Chemicals and Crop Protection Limited****Milestone 18, Ambala Kalka Road,****Village & P.O. Bhankharpur,****Derabassi, Mohali, Punjab –140201.****(CIN: L24231PB1975PLC047063)**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Punjab Chemicals and Crop Protection 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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2018 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The wholly owned subsidiaries of the Company STS Chemical ('UK') Limited and SD Agchem (Europe) NV,

Belgium, (SD Agchem), have sold their entire stake in Sintesis Quimica, S.A.I.C., Argentina, a step down subsidiary of the Company during the period under review. As on 31<sup>st</sup> March, 2018, the Company has two Overseas Wholly Owned Subsidiaries named SD Agchem (Europe) and STS Chemicals ('UK') Limited.

Further, there was no Foreign Direct Investment and External Commercial Borrowings as informed to us.

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable as the Company has not issued any securities during the audit period.
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable as the Company has not granted any shares/options to its employees during the audit period.
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued any debt securities during the audit period.
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents.
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the Company has not delisted its equity shares during the audit period and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable as the Company has not bought back any of its securities during the audit period.





**We have also examined compliance with the applicable clauses of the following:**

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Ltd. and BSE Limited.

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

**We further report that** we have relied on the representation made and other documents provided by the Company, its officers and certify on the examination of the same on test check basis that the Company has complied with the following laws applicable specifically to the Company:

- a) The Boilers Act, 1923 and The Indian Boilers (Amendment) Act, 2007;
- b) The Poisons Act, 1919;
- c) Insecticides Act, 1968;
- d) Drugs and Cosmetics Act, 1940;
- e) The Environment (Protection) Act, 1986;
- f) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
- g) The Water (Prevention & Control of Pollution) Act, 1974;
- h) The Air (Prevention & Control of Pollution) Act, 1981;

**We further report that:**

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

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

Majority decision is carried through, while the dissenting members' views, if any, were captured and recorded as part of the minutes.

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

**We further report that during the review period:**

1. The Company has obtained approval of shareholders by way of Postal Ballot for the following:-
  - a) Shifting of Registered Office of the Company from Union Territory of Chandigarh to State of Punjab.
  - b) Divestment of shareholding in STS Chemicals (UK) Limited, a Wholly Owned Subsidiary of the Company including Sintesis Quimica, S.A.I.C, Argentina, its stepdown subsidiary.
  - c) Re-appointment of Shri Avtar Singh (DIN: 00063569) as the Whole Time Director of the Company and to fix his remuneration.
  - d) Re-appointment of Shri Shalil Shashikumar Shroff (DIN: 00015621) as the Managing Director of the Company and to fix his remuneration.
  - e) Re-Classification of Excel Industries Limited from Promoter Group to Public Category.
  - f) Issue of securities by way of further Public Offering/ Rights Issue/Global Depository Receipt/ American Depository Receipts/ Foreign Currency Convertible Bonds/ Qualified Institutional Placement/ Debt Issue/ Preferential Issue or any other method.
  - g) Increase in borrowing limits of the Company.
  - h) Creation of mortgage and/or charge on the properties and other assets of the Company.
2. The Company has changed its Registered Office from SCO No. 183, 1<sup>st</sup> Floor, Sector-26, Chandigarh-160019 to Milestone 18, Ambala Kalka Road, Village & P.O. Bhankharpur, Derabassi, Mohali, Punjab- 140201 during the period under review and has filed the necessary Forms including Form INC-22 vide SRN no. G54994702 dated 05.10.2017 with Ministry of Corporate Affairs after obtaining approval from Regional Director.
3. The Company has filed application to Central Government for seeking approval of remuneration to Mr. Shalil Shashikumar Shroff (DIN:- 00015621), Managing Director of the Company.
4. The Company has filed application to Central Government for seeking approval of remuneration to Mr. Avtar Singh (DIN:- 00063569), Whole Time Director of the Company.

**For P.S. Dua & Associates**  
Company Secretary

**P.S. Dua**

Place: - Ludhiana  
Date: - 29.05.2018

FCS No. 4552  
C P No. 3934



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

#### **Annexure A to Secretarial Audit Report**

To  
The Members  
Punjab Chemicals and Crop Protection Limited  
Milestone 18, Ambala Kalka Road,  
Village & P.O. Bhankharpur,  
Derabassi, Mohali, Punjab –140201.  
(CIN: L24231PB1975PLC047063)

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and 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 and relied on the management representation about the compliance of laws, rules and regulations 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 P.S. Dua & Associates**  
Company Secretary

**P.S. Dua**

FCS No. 4552  
C P No. 3934

Place: - Ludhiana  
Date: - 29.05.2018



## ANNEXURE 6 TO THE DIRECTORS' REPORT

## PARTICULARS OF CONTRACTS/ ARRANGEMENTS MADE WITH RELATED PARTIES

### FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2)  
of the Companies (Accounts) Rules, 2014)

This Form pertains to the 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 arms length transactions under third proviso thereto

1.	<b>Details of contracts or arrangements or transactions not at arm's length basis:</b>	
a)	Name(s) of the related party and nature of relationship	There were no contracts or arrangements or transactions entered into during the year ended March 31, 2018, which were not at arm's length basis.
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	<b>Details of material contracts or arrangement or transactions at arm's length basis :</b>	
a)	Name(s) of the related party and nature of relationship	There were no material contracts or arrangements or transactions entered into during the year ended March 31, 2018.
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts / arrangements / transactions	
d)	Date(s) of approval by the Board	
e)	Amount paid as advances, if any	
f)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 29<sup>th</sup> May, 2018

**MUKESH DAHYABHAI PATEL**  
**CHAIRMAN**  
**DIN:00009605**



## ANNEXURE 7 TO THE DIRECTORS' REPORT

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO IN ACCORDANCE WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

### A) CONSERVATION OF ENERGY

#### a) Steps taken for Conservation of Energy and Impact:

- Required modifications in the process and re-engineering in the plants are carried out. Accordingly, the power and steam consumption was reduced.
- Boiler automation is carried out by installing VFD to save power.
- Natural cooling tower and new Air Compressors installed to save power.
- Use of cooling water instead of chilled water in winter season.
- Continue to use LED lamps instead of CFL lamps.

#### b) Steps taken by the Company for utilizing alternate sources of energy:

The working was done on a proposal to use pet coke in existing husk/coal fired boilers to reduce cost of generation of steam but could not implement due to ban on pet coke.

#### c) Capital investment on energy conservation equipments:

The Company spent Rs. 35 lac (approx.) specifically on energy conservation items and equipments.

The Company regularly monitor the energy conservation and make the required investment, wherever required.

Above efforts and monitoring helps in energy conservation and save cost.

### B. TECHNOLOGY ABSORPTION:

#### (i) The efforts made towards technology absorption:

Inhouse technologies to improve upon the efficiency and quality of the products are used. Also technologies are developed and upgraded for the new products as per the available infrastructure.

#### (ii) Benefits derived as a result of the above efforts, e.g. Product improvement and cost reduction, product development, import substitution etc.

The simplified processes reduce the cost of production with better quality and additional safety.

Environment friendly processes are tried/developed.

Various foreign and domestic customers have carried out the audit of manufacturing sites and approved the same to get the products manufactured.

#### (iii) Technology imported during the last 3 years:

The Company has not imported any technology.

#### (iv) The expenditure incurred on Research and Development:

	2017-18	(Rs. in lac) 2016-17
a) Capital	56	-
b) Recurring	79	97
c) Total	135	97
d) Total R & D expenditure as % age of total turnover	0.28%	0.25%

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

	2017-18	(Rs. in lac) 2016-17
i) Earned	28955	23949
ii) Used	9231	6615

For and on behalf of the Board of Directors



## ANNEXURE 8 TO THE DIRECTORS' REPORT

## DISCLOSURE REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sl. No.	Requirements	Disclosure			
		Director's Name	Remuneration Rs. in lac	Ratio to MRE	% increase/ (decrease) in remuneration in 2017-18 over 2016-17
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18 and percentage increase / decrease in the remuneration of each Director.	Shri M.D. Patel	2.85	0.57	-13.64%
		Shri Shalil Shroff* Managing Director	95.34	19.23	40.00%
		Shri Vijay Rai	2.55	0.51	-22.73%
		Capt. S. S. Chopra	0.90	0.18	-40.00%
		Smt. Sindhu Seth	1.20	0.24	-20.00%
		Shri Sheo Prasad	1.65	0.33	-38.89%
		Shri S. S. Tiwari	0.90	0.18	-25.00%
		Shri Avtar Singh* Whole Time Director	92.62	18.68	41.69%

\*Paid & Provided within the Ceiling as per the Companies Act, 2013

2.	The percentage increase in remuneration of Chief Financial Officer and Company Secretary in the financial year 2017-18.	Name	Designation	Remuneration (Rs. in lac)	% increase in remuneration
		Shri Punit K Abrol	Company Secretary	55.01	30.02%
		Shri Vipul Joshi	Chief Financial Officer	67.60	25.46%
3.	The percentage increase in the median remuneration of employees in the financial year.	Median FY 2017-18 (In Rs.)	Median FY 2016-17 (In Rs.)	% increase/ decrease	
		4,95,896	4,18,523	18.49%	
4.	The number of permanent employees on the roll of the Company.	As on 31.03.2018		As on 31.03.2017	
		943		879	
5.	Average percentile increase already made in the salaries of employees other than the managerial remuneration in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Aggregate of remuneration paid to Employees in FY 2017-18 (Rs. in lac)	Aggregate of remuneration paid to Employees in FY 2016-17 (Rs. in lac)	% increase / decrease	
		4,443	4,157	6.88%	
		The average increase in salary of employees other than managerial personnel is 6.88 percent from the previous year. The increment given to each individual employee is based on his experience, performance, market trend and contribution to the Company's progress. The increase in managerial remuneration is as per the remuneration approved by the Members, based on various parameters like market trend, financial position of the Company and the responsibilities.			





6.	Affirmation that the remuneration is as per the remuneration policy of the Company.	Remuneration paid to Directors, KMP's and other employees during the year is as per the Remuneration Policy of the Company.
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Note:

1. The Median salary of the staff Members is arrived by taking into account the gross salary of the employees who worked through the year. The employees who joined or left in any part of the year have not been considered for computing the median.
2. No Stock option was granted.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. BUSINESS REVIEW:

#### 1.1. Business Segment- Agro Chemicals and other Chemicals

##### a) Industry Structure and development:

The past year has been marked with major reforms in Infrastructure, Agriculture Sector, in doing business and indirect tax structure. These all reforms will help in “Make in India” programme of the Government. They are expected to boost Economy in 2018-19 and reinforce growth momentum.

The International Monetary Fund (IMF) remains bullish on India's growth potential and in its World Economic Outlook Update, it has pegged that the Indian economy would grow by 7.8% in 2019, making the country world's fastest growing economy in 2018 and 2019.

The Agro Chemicals and other Chemicals Industry is likely to be benefitted with this economic growth. The export from these sectors have increased being competitive in price and quality of material.

##### b) Opportunities and threats:

Agriculture sector will remain the spine of the Indian economy providing employment to half of the total work-force in India; contributing importantly to the country's GDP. Because of the measures undertaken in the current budget, Companies in the agri input and related segment stand to benefit directly in the near term. This is expected to give a boost to the agrochemical manufacturing, not only for domestic consumption but also for export of agro and other chemicals. The Company is well poised to take advantage of this favourable situation. Wherever required, the Company has augmented the capacities of the existing products by debottlenecking and additions.

There are more opportunities coming by way of contract manufacturing for Companies with good infrastructure, process knowledge and available capacity. Many Multinationals are looking towards Indian companies for contract manufacturing of specialty chemicals and other intermediates. PCCPL with its established market presence, customer relations and manufacturing strength is in advantageous position to avail this opportunity.

The only threat though minor is foreign exchange fluctuations.

##### c) Outlook:

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investment in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely to improve the yield for Indian farmers. In addition to this, Export demand of agrochemicals, other chemicals including specialty chemicals are likely to benefit the related industries.

Your Company, being both in domestic and export market is in a favourable position barring unforeseen circumstances.

##### d) Risks and concerns:

Agrochemical manufacturing units remain under the constant scanner of Regulatory Agencies and Environmental activists. Despite all efforts to maintain the best ETP systems the company can be affected by random changes in rules which may slow down growth.

The Company is aware of all these risks concerning this sector and regularly monitors the need of the concerned departments. It will take adequate and timely steps to mitigate them to the extent possible.

### 2. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has appointed Internal Auditors who periodically audit the adequacy and effectiveness of the internal controls laid down by the Management. The risks in various departments have been identified. The controls have been established to mitigate those risks which are divided as key and non-key controls. Any deficiency in the controls is viewed seriously and corrective actions are taken to avoid repetition. The suggestions received from the Internal Auditor are implemented to the extent possible.

The Audit Committee of the Board periodically reviews key findings and provides strategic guidance. The Company's Operating Management closely monitors the internal control environment and ensures that the recommendations are effectively implemented.



Further, the Company has the Risk Assessment Policy of each manufacturing unit and the concerned Heads of Department are responsible to monitor the risks and take effective measures to mitigate them.

The financial statements are prepared in conformity with the established Accounting Standards and Principles.

### 3. FINANCIAL PERFORMANCE AND ANALYSIS:

The revenue from operations and other income of the Indian Operations (Standalone) during the financial year under review was Rs. 502 crore against Rs. 452 crore of last year with a profit before tax of Rs. 17.48 crore against loss of Rs. 1.37 crore for the previous year.

The consolidated accounts show the total revenue of Rs. 507 crore with a profit before tax of Rs. 24.26 crore in the financial year 2017-18 against the total income of Rs. 549 crore and loss of Rs. 19.20 crore in the previous year.

The steps taken by the management in the earlier years to improve the liquidity position of the Company have yielded results. The Company has not raised any additional borrowing during the year except few Inter Corporate Deposits for meeting part of the working capital requirement and few assets on lease. The working capital requirement was met by taking advances or immediate payments from the customers.

Allahabad Bank, Union Bank of India and Export Import Bank of India have accepted the proposal for prepayment of the debts of the Company. The Company is in the process of completing all formalities in this regard.

As on 31<sup>st</sup> March, 2018, there were two overseas subsidiaries namely- SD AgChem (Europe) NV and STS Chemicals (UK) Ltd. During the year under review Sintesis Quimica, a step down subsidiary was disposed off for the reasons stated earlier.

STS (UK) Ltd., having no business activity and investment has also been dissolved after 31<sup>st</sup> March, 2018.

The Consolidated results includes the results of SDAgChem (Europe) NV and STS (UK) Ltd. along with Standalone Indian Operations. As stated earlier, the financials of Sintesis Quimica (SQ) till the date of disposal were not available. Therefore, the consolidated results of this year are without the results of SQ.

The summary of operating results of the subsidiary companies have been given in the Directors' Report.

Some of the other details of Financial Statements are as follows:

#### i) Shareholders' Funds:

On Standalone basis, as on 31.03.2018, the shareholders' fund has increased to Rs. 82.13 crore from Rs. 71.87 crore of 31.03.2017. The figures of March, 2017 have been adjusted under Ind AS.

On Consolidated basis, as on 31.03.2018, the shareholders' fund has increased to Rs. 74.17 crore against Rs. 58.39 crore of 31.03.2017. The figures have been adjusted under Ind AS.

#### ii) Borrowings:

In view of One Time Settlement (OTS) and repayment of debts, the long term borrowings have reduced to Rs. 48.19 crore in the year under review against Rs. 60.15 crore as on 31<sup>st</sup> March, 2017. Where as, the short term borrowings have been increased to Rs. 52.81 crore as on 31<sup>st</sup> March, 2018 as against Rs. 49.86 crore of 31<sup>st</sup> March, 2017.

#### iii) Earning Per Equity Share:

The earning per equity share was Rs. 8.48 as on 31<sup>st</sup> March, 2018 against Rs. (1.71) of previous year, on standalone basis under Ind AS preparation.

#### iv) Revenue from Operations:

During the year, the turnover of Derabassi unit was Rs. 371 crore against Rs. 312 crore of last year. The Lalru unit revenue increased to Rs. 92 crore from Rs. 80 crore. The turnover of Pune unit including phosphorous and its compounds was Rs. 27 crore against Rs. 31 crore of last year. The Company's exports was Rs. 291 crore (59% of sales) against Rs. 238 crore of last year, which is higher by 22%.

In consolidated accounts for the year under review, 97% of the revenue was from Indian operations and 3% from overseas subsidiaries.

### 4. HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS:

The Industrial relations in all divisions of the Company are cordial and harmonious. The employee strength of the Company as on 31<sup>st</sup> March, 2018 was 931.



The Company encourages the employees to upgrade their knowledge and skills. The training sessions on various working parameters are conducted in routine apart from allowing employees for outside specialized training, wherever required.

**5. ACCOUNTING TREATMENT:**

Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018 are in compliance with the Indian Accounting Standards (Ind-AS) prescribed under section 133 of the Companies Act, 2013. Consequently erstwhile Indian Generally Accepted Accounting Principles (IGAAP) results for the year ended 31<sup>st</sup> March, 2017 have been restated to make them comparable.

**6. CAUTIONARY STATEMENT:**

Statements in "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions are forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. The actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, finished goods prices, raw materials cost and availability, foreign exchange market movements, changes in Governmental regulations and tax structure, economic and political developments within India and the countries with which the Company has business.

Therefore, the Company assumes no responsibility in respect of forward looking statements herein which may undergo change in future on the basis of subsequent developments, information or events.



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance is the key to achieve long term corporate goals and the value for the stakeholders. The Company believes in the fundamentals of Corporate Governance and in transparent policies being a law abiding corporate citizen.

The Company believes in the quality of work force and work ethics. The employees have belief in the philosophy and mission of the Company. They are growing with the Company and have co-operated with the management in all circumstances. 'Company first' is the thinking of all employees. Their understanding to the Company's operations, internal and external requirement and understanding nature has helped the Company to survive in the difficult time.

The Board of the Company constitutes with well balanced and experienced Directors. The Board along with its Committees fulfil their fiduciary duties in the interest of all its stakeholders.

The Company's internal control system are periodically reviewed by an Independent Auditor to verify the effectiveness.

#### Code of Business Conduct & Ethics

The approved Code of Conduct and Ethics, is applicable to all members of the Board and the Senior Management team of the Company. They are required to affirm compliance of this Code. The Code is displayed on the website of the Company under the head "*Investors – Company Policies*" ([www.punjabchemicals.com](http://www.punjabchemicals.com)).

The Directors and Senior Management of the management team have affirmed compliance with their respective Codes of Conduct as on 31<sup>st</sup> March, 2018. A declaration to this effect, duly signed by the Managing Director, forms part of this report.

#### Insider Code of Conduct

The Company's Corporate Governance philosophy is strengthened by the adoption of 'Insider Code of Conduct' for Regulating, Monitoring and Reporting of Trading of shares of the Company by 'Insiders' in accordance with the requirement of SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT) and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI). These Codes are displayed on the website of the Company under the head "*Investors – Company Policies*" ([www.punjabchemicals.com](http://www.punjabchemicals.com)). The Directors and senior employees have given affirmation for the compliance under this code.

The Company is in compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for Corporate governance.

### 2. THE COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors and the Committees of the Board supervises the performance of the Company and ensure that the business practices adopted are sound and ethical. They provide guidance to the Executives in the performance of their duties.

The composition of the Board of Directors of the Company is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act'). As on March 31, 2018, there are eight Directors, out of which two are Whole Time Directors viz. Managing Director (Promoter) and Director (Operations and Business Development) and six Non-Executive Directors including a Woman Director. Out of six Non-Executive Directors, three are Independent Directors. However after 31<sup>st</sup> March, 2018, Smt. Sindhu Seth, Director of the Company had resigned due to personal reasons. The Board of Directors on the recommendation of the Nomination and Remuneration Committee co-opted Smt. Aruna R. Bhinge, on the Board of Directors as Additional Director nominated as Non Executive Non Independent Woman Director with effect from 29<sup>th</sup> May, 2018. The Board of Directors have also recommended her regular appointment to the members of the Company in the ensuing Annual General Meeting. With her co-option, the Board will continue to have one woman Director. Her brief details in accordance with Listing Regulations and Secretarial Standards – 2 on General Meetings issued by The Institute of Company Secretaries of India are annexed as a part of the notice of the AGM.

None of the Directors on the Board is a Member of more than ten Committees and the Chairman of more than five Committees across all the public companies in which he/she is a Director. The Directors have made the requisite disclosures regarding the committee positions held by them in other companies.

The Independent Directors on the Board of the Company serve as an Independent Director in not more than seven listed companies, as prescribed in Regulation 25 (1) of the Listing Regulations.

The Board has constituted various Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Assessment Committee, etc. to properly monitor various activities of the Company.





## Board Procedure

The Notice and Agenda of the Board Meeting and Committee Meetings are circulated well in advance. The background and required information on the items form part of the agenda for consideration of the Directors. This helps them to discharge their responsibilities effectively. The Managing Director apprises the Board on the overall performance of the Company. The Board also, *interalia*, reviews the strategy, annual business plan and its related parameters, compliance reports from the Executives. The Board specifically consider internal financial control systems, financial reporting, approval of quarterly / annual results, major accounting provisions and write-offs / write backs etc. The minutes of the meetings of the Audit and other Committees of the Board are also being noted and considered by the Board of Directors.

In addition to the information required under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, the Board is also kept informed of major events and approvals are taken wherever necessary.

## Meetings held

During the year, the Board met five (5) times on the following dates during the financial year 2017-18:

April 25, 2017	May 25, 2017
September 13, 2017	December 8, 2017
February 12, 2018	

The maximum gap between any two (2) Board Meetings was less than one hundred twenty (120) days.

No Board Meeting was held through video conferencing or through any audio-visual mode.

## Board of Directors

The Composition and Category of Directors, their attendance at the Board Meetings and the last Annual General Meeting (AGM) held during the financial year 2017-18 and the number of Directorships and Committee Chairmanships/ Memberships held by them in other Public Limited Companies as on March 31, 2018 are as follows:

Name of the Director	Category	Attendance Particulars		No. of other Directorships**	Committee Membership***		No. of shares held as on March 31, 2018
		Board Meetings	Last AGM held on 14 <sup>th</sup> Sept, 2017		Member	Chairman	
Shri Ghattu Ramanna Narayan (DIN:00020575)*	Chairman Emeritus	1	Yes	-	-	-	Nil
Shri Mukesh Dahyabhai Patel Chairman (DIN:00009605)	Independent/ Non-Executive	5	Yes	3	1	3	400
Shri Shalil Shashi kumar Shroff Managing Director (DIN:00015621)	Promoter Executive	5	Yes	-	-	-	230581
Capt. Surjit Singh Chopra (Retd.) (DIN:00146490)	Non-Independent/ Non-Executive	5	Yes	-	-	-	Nil
Shri Vijay Dilbagh Rai (DIN:00075837)	Independent Non-Executive	5	Yes	6	3	1	Nil
Smt. Sindhu Seth (DIN:00109298)	Woman Director/ Non-Independent/ Non-Executive	3	Yes	-	-	-	Nil
Shri Sheo Prasad Singh (DIN:06493455)	Independent/ Non-Executive	4	Yes	-	-	-	Nil



Name of the Director	Category	Attendance Particulars		No. of other Director-ships**	Committee Membership***		No. of shares held as on March 31, 2018
		Board Meetings	Last AGM held on 14 <sup>th</sup> Sept, 2017		Member	Chairman	
Shri Avtar Singh Whole Time Director (DIN:00063569)	Non-Independent/ Executive	5	Yes	1	1	-	7911
Shri Shivshankar Shripal Tiwari (DIN:00019058)	Non-Independent/ Non executive	5	Yes	-	-	-	11589

\* Resigned as Chairman and Director w.e.f. 28<sup>th</sup> May, 2015. Thereafter, he was appointed as the Chairman, Emeritus.

\*\* Excludes Directorship in PCCPL, alternate Directorships and Directorships in Private Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956).

\*\*\* Represents Chairmanships / Memberships of Audit and Stakeholders Relationship Committees in listed / unlisted public limited companies (excluding PCCPL).

#### Notes:

- Shri Shalil Shashikumar Shroff and Capt. Surjit Singh Chopra (Retd.) are related to each other. None of the other Director is related to any other Director.
- None of the Directors have any business relationship with the Company.
- None of the Directors have received any loans and advances from the Company during the year.
- The Managing Director and the Whole Time Director are paid remuneration as approved by the members and the Central Government, if required within the overall ceiling prescribed under the Companies Act, 2013. Other Non-Executive Directors are paid sitting fees for attending the Board and Committee Meetings in addition to the Commission in case of sufficient net profit calculated as per the provisions of the Companies Act, 2013. Apart from above, the Company did not have any pecuniary relationship or transactions with the Directors during the financial year 2017-18.
- The decisions taken at the Board/Committee meetings are communicated to the concerned departments / divisions.
- Smt. Sindhu Seth Director has resigned and the same was accepted by the Board of Directors in its meeting held on 29<sup>th</sup> May, 2018. The details of new appointee, Smt. Aruna R. Bhinge as Additional Director have been mentioned in composition of Board of Directors at para 2 above.

#### Familiarization Programme

Pursuant to the provisions of the Act and Regulation 25 (7) of the Listing Regulations, the Company has, during the year, conducted familiarization programmes for its Independent Directors and other Directors. The details of familiarization programmes are available on the website of the Company under the head "Investors – Company Policies".

#### Terms and conditions of appointment of Independent Directors

The Independent Directors of the Company have been appointed as per the provisions of the Act and Listing Regulations. Formal letters of appointment have been issued to them and have been disclosed on the website of the Company under the head "Investors - Letter to Independent Director".

#### Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on March 26, 2018 as required under Schedule IV of the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations.

At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors; and



- c) Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors attended the said Meeting.

### **Appointment/ Re-appointment of Directors**

As required under Regulation 36 (3) of the Listing Regulations, particulars of the Directors seeking appointment / re-appointment are given in the Explanatory Statement to the Notice of the AGM.

## **3. AUDIT COMMITTEE**

### **Terms of Reference:**

The Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls, monitor and provide an effective supervision of the Management's financial reporting process. It has to ensure accuracy, timely disclosure of all financial results.

The terms of reference of the Audit Committee are as per the Listing Regulations and the Act. The broad terms of reference of Audit Committee as adopted by the Board are as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of the Auditors.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the annual financial statements and Auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Directors' Report in terms of Section 134 (3) (C) of the Act;
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions;
  - g) Modified opinion (s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (Public Issue, Rights Issue, Preferential Issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the Auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of Inter-Corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of Internal Financial Controls and Risk Management Systems.
12. Reviewing, with the management, performance of the Statutory and Internal Auditors and the adequacy of the Internal Control Systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with Internal Auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board.



16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
18. To review the functioning of the Whistle Blower Mechanism of the Company and to review the findings of investigation into cases of material nature and the actions taken in respect thereof.
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
20. To grant Omnibus approval for Related Party Transactions which are in the ordinary course of business and on an arms' length pricing basis and to review and approve such transactions subject to the approval of the Board.
21. Provide guidance to the Compliance Officer for setting forth policies and implementation of the revised Code of Conduct for Prevention of Insider Trading.
22. Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/ or other Committees of Directors.

The Audit Committee has been granted powers as prescribed under Regulation 18 (2) (c) of the Listing Regulations.

#### Meetings held

During the financial year under review, the Audit Committee met five (5) times on the following dates:

May 25, 2017	September 13, 2017
December 8, 2017	February 12, 2018
March 26, 2018	

The maximum gap between any two (2) Audit Committee Meetings was less than 120 days.

The necessary quorum was present in all the meetings.

#### Composition and attendance

The Board of the Company has constituted an Audit Committee, comprising of Four Directors, out of which three are Independent Directors including the Chairman.

The composition of the Committee and details of meetings attended by the Directors during the financial year 2017-18:

Sr. No.	Name of Director	Category	Position	No. of Committee Meetings	
				Held	Attended
1	Shri Vijay Dilbagh Rai	Non-Executive/Independent	Chairman	5	5
2	Shri Mukesh Dahyabhai Patel	Non-Executive/Independent	Member	5	5
3.	Smt. Sindhu Seth*	Non-Executive/Non-Independent	Member	5	2
4	Shri S. P. Singh	Non-Executive/Independent	Member	5	4

\* Smt. Sindhu Seth resigned from the Board of Directors w.e.f. 29<sup>th</sup> May, 2018. Smt. Aruna R. Bhinge was appointed as a member of the Committee on the same day.

The Company has complied with the requirements of explanation (2) of Regulation 18(1)(C) of Listing Regulations and Section 177 of the Act with respect to the composition of the Audit Committee.

Shri Vijay Rai, Chairman of the Audit Committee was present at the last AGM held on September 14, 2017. All the members of the Audit Committee are financially literate and have accounting and related financial management expertise.

Shri Punit K Abrol, Sr. V.P. (Finance) & Company Secretary of the Company acts as the Secretary to the Audit Committee in conformity with Section 177 of the Act and Regulation 18(1) of the Listing Regulation.

The Audit Committee meetings are usually attended by the Managing Director, Chief Financial Officer and the Statutory Auditors of the Company, whenever required. The Internal Auditors and Cost Auditors of the Company are also invited to the meetings, as and when required. The Committee also invites such of the executives, as it considers appropriate to seek any clarification.

During the year, the Committee reviewed the key audit findings covering operational, financial, compliances, internal financial controls and reporting system. The Chairman of the Audit Committee briefs the Board about the significant discussions at the



Audit Committee meetings. The minutes of each of the Audit Committee meeting are placed before the Directors in the next meeting of the Board.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### Terms of reference:

In terms of Section 178 (1) of the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has constituted a Nomination and Remuneration Committee. The broad terms of reference of Nomination and Remuneration Committee as adopted by the Board are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other senior employees.
2. Formulation of criteria for evaluation of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying qualified candidates for Directorship, who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

##### Meetings held

During the financial year 2017-18, Two(2) meetings of the Committee were held on the following dates.

May 25, 2017

September 13, 2017

##### Composition and Attendance

The Board has constituted a Nomination and Remuneration Committee with Four Directors. Three Directors are Independent including the Chairman.

The composition of the Committee and details of meetings attended by the Directors during the financial year 2017-18:

Sr. No.	Name of Director	Category	Position	No. of Committee Meetings	
				Held	Attended
1	Shri Vijay Dilbagh Rai	Non-Executive/Independent	Chairman	2	2
2	Shri Mukesh Dahyabhai Patel	Non-Executive/Independent	Member	2	2
3	Shri Sheo Prasad Singh	Non-Executive/Independent	Member	2	2
4	Smt. Sindhu Seth*	Non-Executive/Non-Independent	Member	2	2

\* Smt. Sindhu Seth resigned from the Board of Directors w.e.f. 29<sup>th</sup> May, 2018. Smt. Aruna R. Bhinge was appointed as a member of the Committee on the same day.

The Company has complied with the requirement of Regulation 19 of Listing Regulation and Section 178 (1) of the Act with respect to the composition of the Nomination and Remuneration Committee.

Shri Vijay Rai, Chairman of the Nomination and Remuneration Committee was present at the last AGM held on September 14, 2017.

##### Performance Evaluation and Criteria for Evaluation:

The Board has carried out a performance evaluation of itself, its Directors and of the Committees of the Directors.

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors, other Directors and Committees of the Board of Directors. A structured questionnaire has been put in place on various aspects such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The criteria for evaluation of individual Director is based on the attendance, his contribution at the Board / Committee meetings, guidance and support to the management outside the Board / Committee meetings.

In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all the Board members and motivating and providing guidance to the Managing Director.





The criteria for evaluation of the Committees of the Board include degree of fulfillment of key responsibilities, adequacy of committee composition and effectiveness of meetings.

## 5. REMUNERATION OF DIRECTORS

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed and adopted the policy for selection and appointment of Directors, senior management and their remuneration. The policy lays down criteria for selection of Directors and senior management based on expertise, experience and integrity of the person. It also weighs the independent nature, personal and professional standing for the diversity in the Board composition.

### Remuneration to the Managing Director/Whole Time Director

The remuneration of the Managing Director and other Whole Time Director is based on the Company's size, their knowledge and expertise, economic & financial position of the Company, industrial trend and compensation paid by the peer Companies, etc. The Company pays remuneration to the Managing Director and Whole-time Director by way of salary, commission, perquisites and allowances. During the year under review, the remuneration was paid within the range approved by the Shareholders. The Board, on the recommendation of the Nomination and Remuneration Committee, approves annual increments to the Managing Director and the Whole-Time Director. The commission is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board of Directors on the recommendations of the Nomination and Remuneration Committee, subject to the overall ceiling as stipulated in Section 197 of the Act.

### Remuneration to the Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of commission and sitting fees. The sitting fees of Rs. 15,000/- per meeting is being paid to Non-Executive Directors for attending the Board and other Committee meetings. The commission is paid as per the limits approved by shareholders, subject to a limit not exceeding 1% p.a. of net profits of the Company (computed in accordance with Section 198 (1) of the Act) and in such proportion and manner as the Chairman may decide.

The Company has not granted any stock options to the Directors.

### Details of Remuneration paid to Directors:

The Directors' remuneration and sitting fees paid in respect of the Financial Year 2017-18, are given below:

Name of Director	Sitting fees for Board/ Other Committees Meetings (Rs.)	Salaries and other perquisites (Rs)	Other Remuneration (Rs)	Commission (Rs)	Total (Rs.)
Ghattu Ramanna Narayan	15,000	Nil	Nil	Nil	15,000
Mukesh Dahyabhai Patel	2,85,000	Nil	Nil	Nil	2,85,000
Shalil Shashikumar Shroff* Managing Director	Nil	9,534,000	Nil	Nil	9,534,000
Capt. Surjit Singh Chopra (Retd.)	90,000	Nil	Nil	Nil	90,000
Vijay Dilbagh Rai	2,55,000	Nil	Nil	Nil	2,55,000
Sindhu Seth	1,20,000	Nil	Nil	Nil	1,20,000
Sheo Prasad Singh	1,65,000	Nil	Nil	Nil	1,65,000
Shivshankar Shripal Tiwari	90,000	Nil	Nil	Nil	90,000
Avtar Singh* Whole Time Director	Nil	9,262,000	Nil	Nil	9,262,000
<b>TOTAL</b>	<b>10,20,000</b>	<b>18,796,000</b>	<b>0</b>	<b>0</b>	<b>19,816,000</b>

\*Remuneration of Managing Director & the Whole-time Director is paid and provided within the ceiling as per the Companies Act, 2013

### Notes:

- There are no stock options, fixed component and performance linked incentives along-with the performance criteria to the Directors.
- The Board has recommended / approved a commission of Rs. 20 lac to the Non-Executive Directors for the year 2017-18 to be distributed / paid in the current financial year as decided by the Chairman.



### Service Contracts, Severance fees and notice period

Particulars	Shri Shalil Shroff Managing Director	Shri Avtar Singh Whole Time Director
Period of contract	3 years from 15.01.2018 to 14.01.2021	3 years from 14.11.2017 to 13.11.2020
Severance fees/ notice period	The contract may be terminated by either part by giving the other party ninety days' notice in writing or such shorter notice as may be mutually agreed between him and the Company.	

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

### Terms of Reference:

The terms of reference of the Stakeholders Relationship Committee are as per the Listing Regulations and the Act. The broad terms of reference of Stakeholders Relationship Committee as adopted by the Board are as under:

- To look into redressal of investors' complaints and requests such as transfer of shares/ debentures, non-receipt of dividend, annual report, etc.
- To resolve the grievances of the security holders of the Company.
- Oversee the performance of the Company's Registrars and Transfer Agents.
- Recommend methods to upgrade the standard of services to Investors.
- Monitor implementation of the Company's Code of Conduct for Prohibition of Insider Trading and to carry out functions as referred by the Board of Directors.

### Meetings held

During the financial year 2017-18, four meetings of the Committee were held on the following dates:

May 25, 2017	September 13, 2017
December 08, 2017	February 12, 2018

### Composition and Attendance

The Board of the Company has constituted a Stakeholders Relationship Committee, comprising of four Directors. The Chairman of the Committee is a Non-Executive Independent Director of the Company.

The composition of the Committee and details of meetings attended by the Directors during the financial year 2017-18:

Sr. No.	Name of Director	Category	Position	No. of Committee Meetings	
				Held	Attended
1	Shri Mukesh Dahyabhai Patel	Non-Executive/Independent	Chairman	4	4
2	Shri Shalil Shashi Kumar Shroff	Executive/Non-Independent	Member	4	4
3	Shri. Vijay Dilbagh Rai	Non-Executive/Independent	Member	4	4
4	Shri Avtar Singh	Executive/Non-Independent	Member	4	4

Shri Punit K Abrol, Sr. V.P. (Finance) & Company Secretary is designated as the Compliance Officer.

During the year, 3 (three) complaints were received from investors. All the complaints have been solved to the satisfaction of the complainants and no complaint was pending at the beginning or at the end of the year.

The Board of Directors of the Company have delegated the power to transfer the shares by any one of Shri Shalil Shashikumar Shroff, Managing Director, or Shri Avtar Singh, Director (Operations & Business Development), or Shri Punit K Abrol, Sr. V P (Finance) & Company Secretary. During the year 2017-18, all transactions viz. shares transfers, transmission, split/consolidation, duplicate share certificates, etc. were approved on a weekly basis by Shri Punit K. Abrol, Sr. V P (Finance) & Company Secretary.

## 7. OTHER COMMITTEES

### a) RISK ASSESSMENT COMMITTEE

Regulation 21 of the Listing Regulations mandates top 100 listed companies based on the market capitalisation to constitute a Risk Assessment Committee. Although non-mandatory, your Company has constituted a Risk Assessment Committee of the Board.



Evaluation of business risk and managing the risk has always been an ongoing process in the Company. The Risk Assessment Committee assists the Board in fulfilling its corporate governance duties by overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks.

#### Meetings held

During the financial year under review, 1 (one) meeting of the Risk Assessment Committee was held on February 12, 2018.

#### Composition and attendance

The Board of the Company has constituted a Risk Assessment Committee, comprising of Four Directors.

The composition of the Committee and details of meetings attended by the Directors during the financial year 2017-18:

Sr. No.	Name of Director	Category	Position	No. of Committee Meetings	
				Held	Attended
1.	Shri Shalil Shashi Kumar Shroff	Chairman	Executive/Non-Independent	1	1
2.	Shri Mukesh Dahyabhai Patel	Member	Non-Executive / Independent	1	1
3.	Shri Avtar Singh	Member	Executive/Non-Independent	1	1
4.	Shri Shivshankar Shripal Tiwari	Member	Non-Executive/ NonIndependent	1	1

#### b) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

##### Terms of reference

The terms of reference of the Committee includes:

- Formulation and recommendation to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- To recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy;
- Monitoring CSR Policy of the Company from time to time;
- Instituting a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company; and
- To perform any other function or duty as stipulated by the Act and any other regulatory authority or under any applicable laws, as may be prescribed from time to time.

#### Meetings held

During the financial year 2017-18, the Committee met once on 25<sup>th</sup> May, 2017.

#### Composition and Attendance

The composition of the Committee and details of meetings attended by the Directors during the financial year 2017-18:

Sr. No.	Name of Director	Category	Position	No. of Committee Meetings	
				Held	Attended
1.	Shri Mukesh Dahyabhai Patel	Non-Executive/Independent	Chairman	1	1
2.	Shri Shalil Shashikumar Shroff	Executive/Non-Independent	Member	1	1
3.	Capt. Surjit Singh Chopra (Retd.)	Non-Executive/Non-Independent	Member	1	1
4.	Smt. Sindhu Seth*	Non-Executive/Non-Independent	Member	1	1

\* Smt. Sindhu Seth resigned from the Board of Directors w.e.f. 29<sup>th</sup> May, 2018. Smt. Aruna R. Bhinge was appointed as a member of the Committee on the same day.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company. A Report giving details of the CSR activities undertaken by the Company during the year along with the amount spent on CSR activities forms a part of the Board's Report.



## 8. GENERAL BODY MEETINGS

### Location and Time of the last three Annual General Meetings and Special Resolutions passed:

YEAR	LOCATION	DAY, DATE AND TIME	SPECIAL RESOLUTIONS
2014-2015	PHD House, Sector-31, Chandigarh	Friday, September 11, 2015 at 9.30 A.M	There was no matter that required passing of Special Resolution.
2015-2016	PHD House, Sector-31, Chandigarh	Friday, September 09, 2016 at 9.30 A.M	There was no matter that required passing of Special Resolution.
2016-2017	PHD House, Sector-31, Chandigarh	Thursday, September 14, 2017 at 10.00 A.M	There was no matter that required passing of Special Resolution.

### Postal Ballot:

During the year under review, following eight (8) Special Resolutions were passed by the members through Postal Ballot. The details are given as follows:

Sr. No.	Date of result of Postal Ballot	Particulars of resolution	Type of resolution	Details of voting pattern	
				Votes cast in favour (No. of shares)	Votes cast against (No. of shares)
1.	June 5, 2017	Shifting of the Registered Office of the Company from the Union Territory of Chandigarh to the State of Punjab	Special Resolution	85,29,668 (99.999%)	23 (0.001%)
2.	June 5, 2017	Divestment of shareholding of STS Chemicals (UK) Limited, wholly owned subsidiary of the Company including Sintesis Quimica, S.A.I.C, Argentina, its step-down subsidiary	Special Resolution	85,29,686 (100%)	-
3.	February 2, 2018	Re-appointment of Shri Avtar Singh (DIN: 00063569) as the Whole Time Director of the Company and to fix his remuneration	Special Resolution	86,17,398 (99.9999%)	3 (0.0001%)
4.	February 2, 2018	Re-appointment of Shri Shalil Shashikumar Shroff (DIN: 00015621) as the Managing Director of the Company and to fix his remuneration	Special Resolution	86,17,398 (99.9999%)	3 (0.0001%)
5.	February 2, 2018	Re-Classification of Excel Industries Limited from Promoter Group to Public Category	Special Resolution	86,17,398 (99.9999%)	3 (0.0001%)
6.	February 2, 2018	To issue securities by way of further public Offering/ Rights Issue/Global Depository Receipt/American Depository Receipts/ Foreign Currency Convertible Bonds/ Qualified Institutional Placement/Debt Issue/ Preferential Issue or any other method	Special Resolution	86,17,398 (99.9999%)	3 (0.0001%)
7.	February 2, 2018	To approve increase in borrowing limits of the Company	Special Resolution	86,17,398 (99.9999%)	3 (0.0001%)
8.	February 2, 2018	To approve to create mortgage and/or charge on the properties and other assets of the Company	Special Resolution	86,17,398 (99.9999%)	3 (0.0001%)

Shri S.K Sharma, of M/s S.K Sharma & Associates, Practicing Company Secretaries, Chandigarh, was appointed as the Scrutinizer for conducting the aforesaid Postal Ballots process and to compile the results of the voting of these resolutions.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a Special Resolution through Postal Ballot.



### Procedure followed for postal ballot.-

The Company followed the procedure as prescribed under the Companies (Management and Administration), Rules, 2014 as amended and the Secretarial Standard 2 issued by ICSI.

To pass above resolutions by way of postal ballot, the Company sent notice to all the shareholders, along with a draft resolution explaining the reasons thereof and requested them to cast their votes through electronic voting (e-voting) or through postal ballot.

The notices were sent through permitted means.

The advertisements were published about having dispatch of ballot papers specifying date of dispatch in a vernacular newspaper and one English newspaper.

The notices were also placed on the website of the Company

The Board of Directors appointed Shri SK Sharma of M/s SK Sharma & Associates, Practising Company Secretaries as Scrutinizer to conduct the postal ballot, voting process in a fair and transparent manner.

The Scrutinizer submitted the report as per the Calendar of Events.

The Scrutinizer maintained the register, recording the assent or dissent received, mentioning the particulars of name, address, folio no, number of shares, nominal value of shares and record of postal ballot.

The result was declared by placing it on the website of the Company, BSE & NSE along with the scrutinizer's report,

## 9. MEANS OF COMMUNICATION

a) All price-sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges, where the securities of the Company are listed. All submissions to the Exchanges are made through the respective electronic filing systems.

b) The Company intimates un-audited quarterly, half-yearly and audited quarterly and annual financial results to the Stock Exchanges immediately after these are approved and taken on record by the Board. These financial results are normally published in the Financial Express (all Edition in English), Jansatta (Chandigarh Edition in Hindi) and Rozana Spokesman (Chandigarh edition in Punjabi).

The quarterly results, Shareholding Pattern, quarterly/half yearly/annual compliances and all other material events or information as detailed in Regulation 30 of the Listing Regulations are filed electronically with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited through BSE Online portal. These communications are also posted on the Company's website [www.punjabchemicals.com](http://www.punjabchemicals.com).

c) Management Discussion and Analysis forms part of the Annual Report.

## 10. GENERAL SHAREHOLDER INFORMATION

### a) Annual General Meeting

Date and Time	: 20 <sup>th</sup> September, 2018 at 10.00 a.m.
Venue	: Hotel Paras, Chandigarh-Ambala Highway, Derabassi, Distt. S.A.S. Nagar (Mohali), Punjab -140201
Financial Year	: 2017-18
Date of Book Closure	: 13 <sup>th</sup> September, 2018 to 20 <sup>th</sup> September, 2018 (Both Days inclusive)
Dividend payment date	: Nil

### b) Listing on Stock Exchanges:

The Company's shares are listed on:

1. BSE Limited (BSE), 1<sup>st</sup> Floor, New Trading Wing  
P.J. Towers, Dalal Street, Fort, Mumbai-400 001.
2. National Stock Exchange of India Limited (NSE)  
Exchange Plaza, Bandra Kurla Complex  
Bandra (East), Mumbai-400 051.

The Company has paid the Annual Listing fees to the Stock Exchanges.



c) **Stock Codes/Symbol (for shares)**

BSE Limited (Code) : 506618

National Stock Exchange of India Ltd. (symbol): PUNJABCHEM

De-mat ISIN Number in NSDL & CDSL : INE277B01014

d) **Volume of Shares traded during F.Y. 2017-18:**

On BSE : 16,51,688

On NSE : 50,60,981

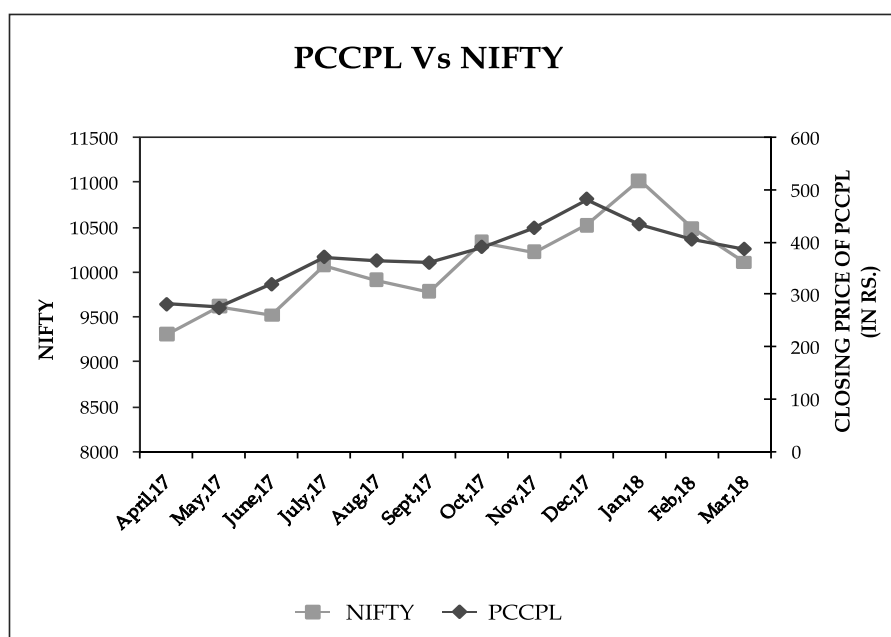
e) **Market Price Data**

Market price data-monthly high/ low of BSE/ NSE depicting liquidity of the Company's Equity Shares on the said exchanges is given hereunder:

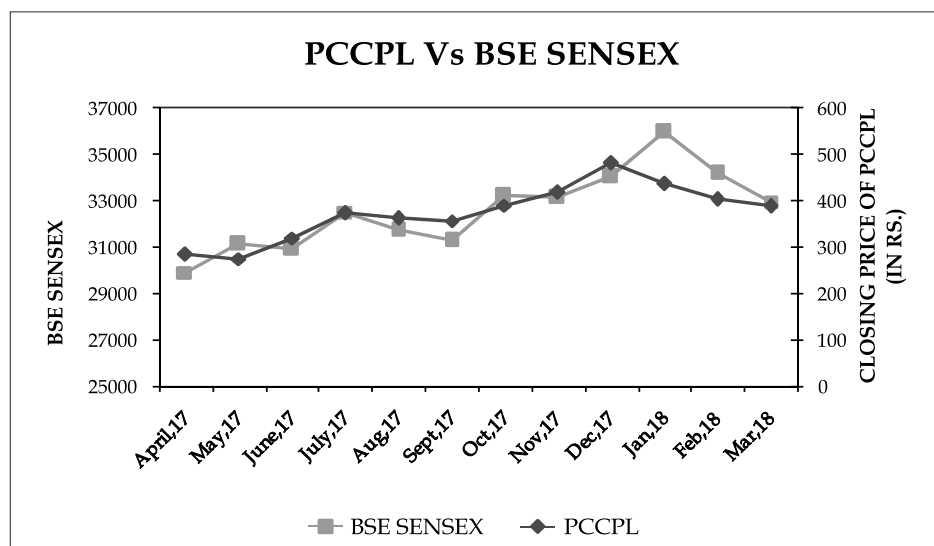
Month	BSE (in Rs.)		NSE (in Rs.)	
	High	Low	High	Low
April,2017	299.65	276.25	299.10	277.75
May,2017	313.95	262.00	314.00	259.00
June,2017	358.55	276.00	359.00	275.65
July,2017	387.50	320.05	387.90	321.10
August,2017	381.65	342.00	384.00	340.10
September,2017	393.00	348.65	393.80	348.90
October,2017	443.85	362.00	444.00	363.05
November,2017	436.00	380.10	438.00	381.55
December,2017	492.25	414.95	491.00	415.00
January,2018	520.90	430.00	520.00	426.30
February,2018	459.95	379.00	454.90	375.10
March,2018	453.90	375.00	452.00	374.55

f) **Share Price performance in comparison to broad based indices:**

The charts given hereunder plots the movement of the Company's Equity share prices on BSE versus BSE Sensex and Company's Equity share prices on NSE versus NSE NIFTY, respectively, for the year 2017-18:







**g) Registrar and Share Transfer Agent (RTA)**

M/s Alankit Assignments Ltd., 1E/13, Alankit Heights, Jhandewalan Extension, New Delhi-110 055 is the Registrar and Share Transfer Agent (RTA) of the Company.

**h) Share Transfer Process**

Shares in physical forms are processed by the RTA within 15 days from the date of receipt, if the documents are complete in all respects. The Managing Director, Whole Time Director and Sr. V.P (Finance) & Company Secretary have been severally, empowered to approve transfers.

Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) within the statutory time limit from the date of receipt of Share Certificates provided the documents are complete in all respects.

A summary of transfer / transmission of shares, etc., so approved by the Company Secretary is placed before the Stakeholders Relationship Committee.

**i) Secretarial Audit**

- a) As per Regulation 40(9) of the Listing Regulations, a Certificate from the Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time on half yearly basis confirming due compliance of share transfer formalities by the Company.
- b) Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).
- c) Mr. P. S. Dua of M/s. P. S. Dua & Associates, Practicing Company Secretaries, has conducted a Secretarial Audit of the Company for FY 2017-18. Their Audit Report confirms that the Company has complied with the applicable provisions of the Act and the Rules made there under, its Memorandum and Articles of Association, Listing Regulations and the applicable SEBI Regulations. The Secretarial Audit Report forms part of the Board's Report.



## j) Distribution of Shareholding as on March 31, 2018:

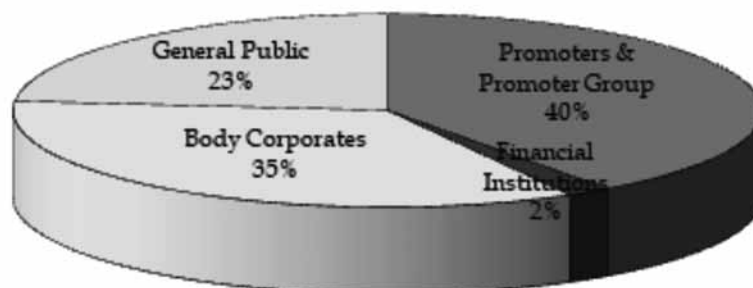
FROM - TO	NO. OF SHAREHOLDERS		NO. OF SHARES		DEMAT HOLDING	
Number of Shares	Number	%	Number	%	Number	%
1-500	15220	95.24	694286	5.66	593238	4.84
501-1000	347	2.17	266823	2.18	245829	2.00
1001-2000	175	1.09	263655	2.15	250499	2.05
2001-3000	65	0.41	165851	1.35	165851	1.35
3001-4000	51	0.32	179691	1.47	175778	1.43
4001-5000	20	0.13	93509	0.76	93509	0.76
5001-10000	46	0.29	317212	2.59	304556	2.48
10001 & above	56	0.35	10281158	83.84	10281158	83.85
<b>TOTAL</b>	<b>15980</b>	<b>100.00</b>	<b>12262185</b>	<b>100.00</b>	<b>12110418</b>	<b>98.76</b>

## k) Categories of Shareholders as on March 31, 2018.

Sr. No.	CATEGORY	NO.OF SHARES HELD	PERCENTAGE OF SHAREHOLDING (%)
<b>A.</b>	<b>Shareholding of Promoter and Promoter Group</b>		
1)	Indian	49,08,890	40.03
2)	Foreign	-	-
	<b>Total Shareholding of Promoter and Promoter Group</b>	<b>49,08,890</b>	<b>40.03</b>
<b>B.</b>	<b>Public Shareholding</b>		
<b>1)</b>	<b>Institution:</b>		
a)	Mutual Funds	786	0.01
b)	Financial Institutions/Banks	18,939	0.15
c)	Central Govt. / State Govt .Co.	2,31,206	1.89
d)	Foreign Portfolio Investors	3,08,589	2.51
e)	Insurance Companies	11,832	0.10
	<b>Sub total (B) (1)</b>	<b>5,71,352</b>	<b>4.66</b>
<b>2)</b>	<b>Non-Institutions</b>		
a)	Private Corporate Bodies	42,60,161	34.74
b)	Directors & their Relatives	52,193	0.43
c)	Indian Public	22,18,641	18.10
d)	NRIs	35,997	0.29
e)	Trust	3,700	0.03
f)	HUF	2,11,251	1.72
	<b>Sub Total (B) (2)</b>	<b>67,81,943</b>	<b>55.31</b>
	<b>Total Public Shareholding (B)(1)+(B)(2)</b>	<b>73,53,295</b>	<b>59.97</b>
	<b>TOTAL</b>	<b>1,22,62,185</b>	<b>100.00</b>



## SHAREHOLDING PATTERN



### l) Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories viz. NSDL and CDSL.

Percentage of shares held in:

Physical form	: 1.24%
Electronic form with NSDL	: 86.08%
Electronic form with CDSL	: 12.68%

The Company's shares are regularly traded on the BSE and NSE.

### m) Outstanding Global Depository Receipts or American Depository Receipts or warrants or any other convertible instruments, conversion dates and likely impact on equity

None

### n) Commodity price risk or foreign exchange risk and hedging activities

The Company has exports of finished goods and import of raw materials from outside India. The international trade is primarily in USD and Euro which are major convertible currencies, and to that extent the exposure to forex exchange risk exists. However, exports and imports of the Company are in the same currencies, therefore, a natural hedge for these currencies exist.

The Company has not entered into any hedging activities and not dealt in commodity price or foreign exchange risk activities during the financial year 2017-18.

### o) Plant locations

#### Indian manufacturing locations:

Agro-Chemicals Division	: Milestone-18, Ambala Kalka Road, P. O. Bhankharpur Derabassi, Distt. SAS Nagar, Mohali (Punjab) -140201
Specialty and Other Chemicals Division	: Villages: Kolimajra & Samalheri, P.O.: Lalru
Industrial Chemical Division	: Site No. I & II, H.A. Ltd., Compound Pimpri, Pune



### Overseas Subsidiaries as on 31<sup>st</sup> March, 2018

SD Agchem (Europe) NV	: Uitbreidingstraat 84/B3 2600, Berchem (Antwerp), Belgium
STS Chemicals (UK) Ltd.	: 288 Oxford Road, Gomersal, Cleckheaton, West Yorkshire, England

### p) Address for Correspondence:

1. Investor Correspondence	: <b>For shares held in physical form</b> Alankit Assignment Ltd, 1E/13, Alankit Heights, Jhandewalan Extension, New Delhi-110055, Tel: 011-42541234, 011-42541953 Fax: 011-23552001 E-mail: <a href="mailto:info@alankit.com">info@alankit.com</a>  <b>For shares in De-mat form</b> To the Depository Participants
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*Important Note: SEBI has decided that securities of listed companies can be transferred only in dematerialised form w.e.f. 5<sup>th</sup> December, 2018. Therefore the members are advised to dematerialise shares held by them in physical form.*

### 2. Any query on Annual Report/other matters relating to the Company

Registered Office & Works	: Milestone-18, Ambala Kalka Road Village & Post Office Bhankarpur Derabassi, Distt. SAS Nagar (Mohali)-140201 Tel: 01762-280086/280094 Fax : 01762-280070 E-mail: <a href="mailto:info@punjabchemicals.com">info@punjabchemicals.com</a>
Corporate Office	: Plot No. 645-46, 5 <sup>th</sup> Floor, Oberoi Chambers II, New Link Road, Andheri (W), Mumbai-400 053. Ph: 022-26747900 (30 lines), Fax:022-26736013, 26736193 Email: <a href="mailto:enquiry@punjabchemicals.com">enquiry@punjabchemicals.com</a>
Hyderabad Office	: 414, Navketan Complex, Opp. Clock Tower Garden, 62, S.D. Road, Secunderabad -500 003. Ph.:040-27805662; Fax:040-27805663 Email: <a href="mailto:Jose@punjabchemicals.com">Jose@punjabchemicals.com</a>
Ahmedabad Office	: 205-206, Supath-II Complex Ashram Road Near Vadaj Bus Terminus Ahmedabad-380 013 Cell : 09898892994; Ph.: 079-27552583 Fax : 079-27561127 Email: <a href="mailto:kalendu@punjabchemicals.com">kalendu@punjabchemicals.com</a>
3. Compliance Officer	: Shri Punit K Abrol, Sr. V.P (Finance) & Secretary
4. Exclusive e-mail ID for the grievance redressal mechanism	: <a href="mailto:investorhelp@punjabchemicals.com">investorhelp@punjabchemicals.com</a>
5. Corporate website	: <a href="http://www.punjabchemicals.com">www.punjabchemicals.com</a>

**Nomination Facility:**

Members are allowed to nominate any person to whom they desire to have the shares transmitted in the event of death. Desirous Members may approach to the Company or to the Registrar & Share Transfer Agents of the Company, for the shares held in physical form and to the respective Depository Participant for shares held in demat form, for availing the same facility.

**11. OTHER DISCLOSURES****a) Related Party Disclosures:**

All related party transactions that were entered into during the financial year 2017-18 were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant related party transactions made by the Company with Promoters, Directors, KMPs or other designated persons which may have a potential conflict with the interest of the Company at large. Suitable disclosure as required by the Accounting Standards (IND AS 24) has been made in the Financial Statements. As required under SEBI (LODR), detailed related party disclosures as per Accounting Standards, please refer Note 43 of the Standalone and Consolidated Financial statements.

The policy on related party transactions as approved by the Board is uploaded on the Company's website and the link for the same is [www.punjabchemicals.com](http://www.punjabchemicals.com).

**b) Statutory Compliance, Strictures and Penalties**

The Company has complied with the requirement of the Stock Exchanges, SEBI and other statutory authority on matters related to capital markets during the last three years. No strictures or penalties have been imposed on the Company by these authorities.

**c) Vigil Mechanism / Whistle Blower Policy:**

The Company has adopted a Whistleblower policy and Vigil Mechanism to provide a formal mechanism to the Directors, employees and other external stakeholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Conduct or Ethics policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

The said policy is placed on the website of the Company [www.punjabchemicals.com](http://www.punjabchemicals.com) and no personnel of the Company have been denied access to the Audit Committee.

**d) Adoption of IND-AS**

The Company adopted Indian Accounting Standards (Ind-AS) from 01 April, 2017 with the transition date of 01 April 2016 and accordingly the financial results of the Company for all the quarters / annual have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind-AS).

**e) Mandatory Requirements**

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

**f) Non Mandatory requirements**

The Company has complied with the following non-mandatory requirements of the Listing Regulations relating to Corporate Governance. The status of compliance with non-mandatory requirements listed in Regulation 27(1) read with Part E of Schedule II of the Listing Regulations are as under:

**i. Chairman of the Board:**

The Chairman of the Company is a Non Executive Director.

**ii. Shareholder Rights- Half yearly results:**

As the Company's half yearly results are published in English newspapers circulated all over India and in a Hindi newspaper (circulated in Chandigarh) and also posted on the website of the Company [www.punjabchemicals.com](http://www.punjabchemicals.com) the same are not sent to the households of the shareholders of the Company.



iii. Disclaimer of Opinion in audit report:

The Statutory Auditors have 'Disclaimer of Opinion' in the Auditor's Report of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018 with regard to non consolidation of accounts of SQ from 1<sup>st</sup> April, 2017 till 28<sup>th</sup> September, 2017 (date of sale).

The explanation and comments by the Board of Directors on the 'Disclaimer of Opinion' by the Statutory Auditors has been given in the Directors' Report.

iv. Separate Posts of Chairman and Chief Executive Officer:

The Company has separate persons as the Chairperson and the Chief Executive Officer/Managing Director.

v. Reporting of Internal Auditors:

The Internal Auditor reports to the Managing Director and also has the direct access to the Audit Committee.

g) The policy for determining 'material' subsidiaries can be viewed at [www.punjabchemicals.com](http://www.punjabchemicals.com)

## 12. MARKET CAPITALISATION AND PRICE-EARNINGS RATIO:

	As on March 31, 2018	As on March 31, 2017
a. Closing Price (BSE) (Rs.)	389.20	288.65
b. Market Capitalisation (Rs. in crores)	477.24	353.95
c. Price-Earnings Ratio	45.90	-168.80

## 13. UNCLAIMED SHARES:

Pursuant to Regulation 39(4) read with Schedule VI of the Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense accounts:

Sr. No.	Particulars	No. of share holders	No. of shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	2987	35905
(ii)	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	8	6375
(iii)	Number of shareholders to whose shares were transferred from the Unclaimed Suspense Account to Investor Education fund authority (pursuant to Section 126 of the Companies Act, 2013 read with Investor education and protection fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. during the year	2744	18169
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year as on 31.03.2018	235	11361

The voting right on these outstanding shares (lying in the suspense account) shall remain frozen till the rightful owner of such shares claim the shares.

## 14. CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of the Listing Regulations, the Certificate duly signed by Shri Shalil Shashikumar Shroff, Managing Director and Shri Vipul Joshi, Chief Financial Officer was placed before the Board of Directors along with the financial statements for the year ended March 31, 2018 at its meeting held on May 29, 2018, forms part of this report.

## 15. GENERAL

The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) of the Listing Regulations.





## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

TO  
THE MEMBERS OF PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

We have examined the compliance of conditions of Corporate Governance by Punjab Chemicals and Crop Protection Limited ("the Company") for the year ended on March 31, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations with the for the year ended 31<sup>st</sup> March, 2018.

We further state that this certificate 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 **S.K. Sharma & Associates**  
Company Secretaries  
Sd/-

Place : Chandigarh  
Date : May 29, 2018

**S.K. Sharma**  
FCS No: 374, C.P No. 3864

### DECLARATION

As provided under Clause D of schedule V pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management laid down by the Company for the financial year ended March 31, 2018.

Mumbai  
Date : May 29, 2018

**On behalf of the Board of Directors**  
Punjab Chemicals & Crop Protection Limited  
Shalil Shroff  
(Managing Director)  
(DIN No.: 00015621)

## COMPLIANCE CERTIFICATE

Pursuant to Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We, Shalil Shashikumar Shroff, Managing Director and Vipul Joshi, Chief Financial Officer do hereby certify that in respect of the annual accounts and cash flow statement for the financial year ending on March 31, 2018:

- a) We have reviewed financial statements and the cash flow statement for the year 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 has not been any significant changes in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) There has not been any instances of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting during the year.

Place : Mumbai  
Date : May 29 2018

**Shalil Shroff**  
Managing Director  
(DIN No.: 00015621)

**Vipul Joshi**  
Chief Financial Officer



## INDEPENDENT AUDITOR'S REPORT

To the Members of Punjab Chemicals and Crop Protection Limited

### 1. Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Punjab Chemicals and Crop Protection Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flows Statement for the year then ended, and summary of the significant accounting policies and other explanatory information, (hereinafter referred to as "the standalone Ind AS financial statements").

### 2. Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss and including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### 3. Auditor's Responsibility

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

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

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 31 March 2018, its profit and including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## 5. Other matter

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening Balance Sheet as at 1 April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 25 May 2017 and 30 May 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of the above matter.

## 6. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
  - (ii) As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
    - f) With respect to the adequacy of the internal financial controls with reference to the standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
    - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; - Refer Note 42(i) to the standalone Ind AS financial statements.
      - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
      - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
      - iv. The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.
- However amounts as appearing in the audited standalone financial statements for the year ended 31 March 2017 have been disclosed. Also, refer note 50 to the standalone Ind AS financials Statements.

*For B S R & Co. LLP*  
*Chartered Accountants*  
Registration No.: 101248W/W-100022

**Pravin Tulsyan**  
*Partner*  
Membership No: 108044



## ANNEXURE 'A' REFERRED TO IN PARAGRAPH 6(I) OF THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUNJAB CHEMICALS AND CROP PROTECTION LIMITED ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018.

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (including investment property).
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets (including investment property) by which all fixed assets (including investment property) are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets being plant and equipment were verified during the year. The discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) According to the information and explanation given to us, the inventories, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- iii) The Company has not granted any loans, secured or unsecured, to companies, limited liability partnerships and other parties covered in the register maintained under section 189 of the Act.

Further, there are no firms covered in the register required under section 189 of the Act.

- iv) According to information and explanations given to us, in respect of loans and investments made by the Company, the provision of section 185 and 186 of the Act has been complied with as applicable. As informed to us, the Company has not provided any guarantee or security as specified under section 185 or 186 of the Act.
- v) According to the information and explanations given to us, the Company has not accepted any deposits covered under section 73 to 76 or other provisions of the Act and rules framed thereunder. Thus, paragraph 3(v) of the Order is not applicable.
- vi) We have broadly reviewed the books of account maintained by the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to ensuring whether they are accurate or complete.
- vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including duty of excise, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Value added tax, Service tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in few cases of Employees' State Insurance, Sales Tax, Value added tax, Service tax and other statutory dues.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of duty of excise, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Value added tax, Service tax, duty of Customs, Cess and Goods and services tax and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales tax, Value added tax, Income tax, service tax, cess, duty of excise and duty of Customs which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:



Name of the statute	Nature of Dues	Amount disputed# (Rs. in lakhs)	Amount deposited (Rs. in lakhs)*	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	1	-	Assessment Year 2004-2005	High Court
Income Tax Act, 1961	Income tax	879	455	Assessment Year 2008-09 to 2010-2011	Income tax Appellate Tribunal
Income Tax Act, 1961	Income tax	53	53	Assessment Year 2007-2008, 2011-12 to 2014-2015	Commissioner of Income tax (Appeals)
Central Excise Act, 1944	Service tax	1	-	1999-2000	High Court
The Punjab Sales Tax Act, 2005	Sale tax	11	-	2004-2005	High Court
Central Excise Act, 1944	Excise duty	38	7	2006-2007 to 2009-2010	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Service tax	2	-	2009-2010 to 2010-2011	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise duty	15	13	2012-2013 to 2014-2015	Commissioner (Appeals)
Central Excise Act, 1944	Service tax	11	1	2009-2010 to 2015-2016	Commissioner (Appeals)
Central Excise Act, 1944**	Excise duty	332	-	2005-2006, 2006-2007, 2014-2015 and 2015-2016	Commissioner and Assistant Commissioner
Central Excise Act, 1944**	Service tax	4	-	2010-2011, 2015-2016 and 2016-2017	Assistant Commissioner

#Amounts as per demand order including interest and penalty, whichever indicated in the order

\* Paid under protest by utilising the balance in CENVAT credit.

\*\*relates to show cause notice received

viii) According to the information and explanations given to us, the Company has delayed in repayment of loans or borrowings to its bankers to the extent of Rs 3,293 lakhs (delay from 1 day to 2,009 days) and Rs 339 lakhs of such dues were in arrears as on the balance sheet date. The lender wise details are tabulated as under.

Particulars	Amount of default as at the Balance sheet (in lakhs)	Period of default*
Union Bank of India	69	30 September 2012 till date
Allahabad Bank	196	31 December 2017 till date
EXIM Bank	63	31 March 2018 till date
Bank Baroda	11	31 March 2018 till date

\* represents the earliest default date. Further, the Company has paid subsequently an amount of Rs.60 lakhs, Rs. 196 lakhs and Rs. 63 lakhs to Union Bank of India, Allahabad Bank and EXIM Bank respectively.

The Company has not defaulted in repayment of dues to financial institutions and Company did not have any outstanding dues in respect of debenture holders during the year.

ix) According to the information and explanations given to us and on the basis of our examination of the records of the Company,



the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, paragraph 3 (ix) of the Order is not applicable.

- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provision of section 197 read with Schedule V of the Act.
- xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.
- xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with him during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*For B S R & Co. LLP*  
*Chartered Accountants*  
 Registration No.: 101248W/W-100022

**Pravin Tulsyan**  
*Partner*  
 Membership No: 108044

Place: Mumbai  
 Date: 29 May 2018

## **ANNEXURE B REFERRED TO IN PARAGRAPH 6 (II)(F) OF THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUNJAB CHEMICALS AND CROP PROTECTION LIMITED BEING REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls with reference to the standalone Ind AS financial statements of Punjab Chemicals and Crop Protection Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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





### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to the standalone Ind AS financial statements.

### Meaning of Internal Financial Controls with reference to the Standalone Ind AS Financial Statements

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

### Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to the standalone Ind AS financial statements and such internal financial controls with reference to the standalone Ind AS financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal financial controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

*For B S R & Co. LLP*  
*Chartered Accountants*  
Registration No.: 101248W/W-100022

**Pravin Tulsyan**  
*Partner*  
Membership No: 108044

Place: Mumbai  
Date: 29 May 2018



## BALANCE SHEET AS AT 31 MARCH 2018

Rs. in lacs

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	14,717	13,581	13,385
Capital work-in-progress	3	244	496	232
Investment property	4	2,442	2,611	3,022
Other intangible assets	5	511	709	1,139
Intangible assets under development	5	172	126	146
<b>Financial assets</b>				
- Investments	6	140	487	200
Trade receivables	7	-	-	-
- Loans	8	226	199	876
- Other financial assets	9	-	175	176
Deferred tax assets (net)	10	615	1,070	1,150
Income tax assets (net)	11	647	884	724
Other non-current assets	12	60	96	13
<b>Total non-current assets</b>		<b>19,774</b>	<b>20,434</b>	<b>21,063</b>
<b>Current assets</b>				
Inventories	13	6,700	5,496	4,507
<b>Financial assets</b>				
- Investments	6	3	3	3
- Trade receivables	7	4,120	4,787	5,555
- Cash and cash equivalents	14	375	167	113
- Other bank balances	15	165	62	74
- Loans	8	2,455	2,649	2,685
- Other financial assets	9	1,018	775	761
Other current assets	16	2,201	1,319	2,063
<b>Total current assets</b>		<b>17,037</b>	<b>15,258</b>	<b>15,761</b>
<b>Total Assets</b>		<b>36,811</b>	<b>35,692</b>	<b>36,824</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	17	1,226	1,226	1,226
Other equity	18	6,987	5,961	6,158
<b>Total equity</b>		<b>8,213</b>	<b>7,187</b>	<b>7,384</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings	19	4,819	6,015	9,322
Provisions	20	1,965	1,721	1,562
Other non-current liabilities	21	22	6	25
<b>Total non-current liabilities</b>		<b>6,806</b>	<b>7,742</b>	<b>10,909</b>



				Rs. in lacs
	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	19	5,281	4,986	4,963
- Trade payables	22	10,590	8,057	5,902
- Other financial liabilities	23	4,735	6,095	4,408
Other current liabilities	24	733	1,194	2,919
Provisions	20	321	214	122
Current tax liabilities (net)	25	132	217	217
<b>Total current liabilities</b>		<b>21,792</b>	<b>20,763</b>	<b>18,531</b>
<b>Total liabilities</b>		<b>28,598</b>	<b>28,505</b>	<b>29,440</b>
<b>Total equity and liabilities</b>		<b>36,811</b>	<b>35,692</b>	<b>36,824</b>
Significant accounting policies	2			
Notes to the standalone Ind AS financial statements	3-51			

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of  
**Punjab Chemicals and Crop Protection Limited**

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

**Mukesh D Patel**

Chairman

DIN No.: 00009605

**Shalil Shroff**

Managing Director

DIN No.: 00015621

**Avtar Singh**

Director (Operations & Business Development)

DIN No.: 00063569

**Pravin Tulsyan**

Partner

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

**Punit K. Abrol**

Sr. V.P. (Finance) &

Company Secretary

Place: Mumbai

Date: 29 May 2018

**Vipul Joshi**

Chief Financial Officer



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Rs. in lacs

Particulars	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	26	49,077	42,215
Other income	27	1,142	3,000
<b>Total income</b>		<b>50,219</b>	<b>45,215</b>
<b>EXPENSES</b>			
Cost of materials consumed	28	29,593	24,321
Excise duty on sales		267	1,124
Purchases of stock-in-trade	29	156	242
Changes in inventories of finished goods, stock-in- trade and work-in progress	30	(289)	(385)
Employee benefits expense	31	5,428	4,844
Finance costs	32	1,751	2,174
Depreciation and amortization expense	33	1,394	1,431
Other expenses	34	10,497	11,601
<b>Total expenses</b>		<b>48,797</b>	<b>45,352</b>
<b>Profit/(loss) before tax and exceptional item</b>		<b>1,422</b>	<b>(137)</b>
Exceptional Item	35	326	-
<b>Profit/(loss) before tax</b>		<b>1,748</b>	<b>(137)</b>
Income tax expense	36		
Current tax		297	-
Adjustment of tax relating to earlier periods		(51)	-
Deferred tax		462	73
<b>Total income tax expense</b>		<b>708</b>	<b>73</b>
<b>Profit/(loss) for the year</b>		<b>1,040</b>	<b>(210)</b>
<b>Other comprehensive income/ (expense)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
- Remeasurements of defined benefit liability/ (asset)		(35)	8
- Equity investments through other comprehensive income- net change in fair value		14	12
<i>Income tax relating to items that will not be reclassified to profit or loss</i>			
- Remeasurements of defined benefit liability/ (asset)		12	(3)
- Equity investments through other comprehensive income- net change in fair value		(5)	(4)
<b>Other comprehensive (expense) / income for the year (net of income tax)</b>		<b>(14)</b>	<b>13</b>
<b>Total comprehensive income/ (expense) for the year</b>		<b>1,026</b>	<b>(197)</b>
<b>Earnings per equity share [nominal value of INR 10 (previous year INR 10)]</b>	37		
Basic (INR)		8.48	(1.71)
Diluted (INR)		8.48	(1.71)
Significant accounting policies	2		
Notes to the standalone Ind AS financial statements	3-51		

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of  
Punjab Chemicals and Crop Protection Limited

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Mukesh D Patel

Chairman

DIN No.: 00009605

Shalil Shroff

Managing Director

DIN No.: 00015621

Avtar Singh

Director (Operations & Business Development)

DIN No.: 00063569

Pravin Tulsyan

Partner

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

Punit K. Abrol

Sr. V.P. (Finance) &  
Company Secretary

Place: Mumbai

Date: 29 May 2018

Vipul Joshi

Chief Financial Officer



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

Rs. in lacs

## a. Equity share capital:

	Note	
Balance as at 1 April 2016	17	1,226
Changes in equity share capital during the year		-
Balance as at 31 March 2017		1,226
Changes in equity share capital during the year		-
Balance as at 31 March 2018		1,226

## b. Other Equity:

Particulars	Reserves and surplus (Refer note 1)						Other comprehensive income (Refer note 1)	Total
	Capital reserve	Capital redemption reserve	Capital reduction reserve	Securities premium	Amalgamation reserve	Retained earnings	Equity instruments through other comprehensive income	
Balance as at 1 April 2016	309	28	21	5,707	19	74	-	6,158
Total comprehensive income for the year ended 31 March 2017								
- Profit/ (loss) for the year	-	-	-	-	-	(210)	-	(210)
- Other comprehensive income/ (expense) (net of tax)	-	-	-	-	-	5	8	13
Total comprehensive income for the year	-	-	-	-	-	(205)	8	(197)
Balance as at 31 March 2017	309	28	21	5,707	19	(131)	8	5,961
Total comprehensive income for the year ended 31 March 2018								
- Profit/ (loss) for the year	-	-	-	-	-	1,040	-	1,040
- Other comprehensive income/ (expense) (net of tax)	-	-	-	-	-	(23)	9	(14)
Total comprehensive income for the year	-	-	-	-	-	1,017	9	1,026
Balance as at 31 March 2018	309	28	21	5,707	19	886	17	6,987

Note 1 : Refer to note 18 for nature and purpose of other equity

Significant accounting policies

2

Notes to the standalone Ind AS financial statements

3-51

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of  
Punjab Chemicals and Crop Protection Limited

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Mukesh D Patel

Chairman

DIN No.: 00009605

Shalil Shroff

Managing Director

DIN No.: 00015621

Avtar Singh

Director (Operations & Business Development)

DIN No.: 00063569

Pravin Tulsyan

Partner

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

Punit K. Abrol

Sr. V.P. (Finance) &  
Company Secretary

Place: Mumbai

Date: 29 May 2018

Vipul Joshi

Chief Financial Officer



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Rs. in lacs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A. Cash flow from operating activities</b>		
Profit / (loss) before tax	1,748	(137)
Adjustments for:		
Depreciation and amortization expense	1,394	1,431
Write back of borrowings along with accrued interest on one time settlement	(326)	-
Liability no longer required written back	-	(39)
Reversal of impairment loss on doubtful debts and advances	(189)	(2,278)
Interest income	(192)	(167)
Amortization of government grants	(2)	(22)
Finance Cost	1,751	2,174
Unrealized foreign exchange (gain)/loss (net)	(143)	194
Advances written off	67	60
Fixed assets written off	11	409
(Gain)/ loss on sale of plant, property and equipment (net)	(3)	77
Change in fair value of investments	360	2,319
Expected credit loss on trade receivable and advances	249	323
Rental income	(458)	(482)
<b>Operating cash flow before working capital changes</b>	<b>4,267</b>	<b>3,862</b>
<b>Changes in working capital:</b>		
Decrease/(increase) in trade receivables	717	(264)
(Increase) in inventories	(1,204)	(820)
(Increase) in other current and non-current assets	(897)	(551)
(Increase) in current and non-current other financial assets	(53)	-
Decrease in current and non-current loans	360	974
Increase in trade payables and other liabilities	2,064	1,416
Increase in other current financial liabilities	334	74
Increase in long-term and short-term provisions	316	259
<b>Cash generated from operating activities</b>	<b>5,904</b>	<b>4,950</b>
Income tax paid (net)	(94)	(160)
<b>Net cash generated from operating activities (A)</b>	<b>5,810</b>	<b>4,790</b>
<b>B. Cash flow from investing activities</b>		
Acquisition of property, plant and equipment (including capital advances)	(2,016)	(1,504)
Proceeds from sale of property, plant and equipment	23	34
Proceeds from sale of Investment in shares and mutual funds	4	0.03
Movement in other bank balances	(103)	10
Interest received	177	154
Rental income	458	482
<b>Net cash flows (used in) investing activities (B)</b>	<b>(1,457)</b>	<b>(824)</b>





Rs. in lacs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	57	33
Repayments of non-current borrowings	(2,977)	(2,231)
Proceeds/ (repayment) of current borrowings (net)	171	(30)
Finance cost paid	(1,520)	(1,737)
<b>Net cash flows (used in) financing activities (C)</b>	<b>(4,269)</b>	<b>(3,965)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>84</b>	<b>1</b>
<b>Cash and cash equivalents at the beginning of the year (see below)</b>	<b>(4,505)</b>	<b>(4,506)</b>
<b>Cash and cash equivalents at the end of the year (see below)</b>	<b>(4,421)</b>	<b>(4,505)</b>
<b>Notes :</b>	<b>Year ended 31 March 2018</b>	<b>Year ended 31 March 2017</b>
1. Cash and cash equivalents include :		
Balances with banks		
- In current accounts	70	146
- Deposits with original maturity of less than three months	303	14
Cash on hand	2	7
Cash credit from banks (secured)	(4,665)	(4,669)
Book overdraft	(131)	(3)
	<b>(4,421)</b>	<b>(4,505)</b>

- The above cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard - 7 on "Statement on Cash Flows". Also, refer to note 2(r).
- Refer note 19 for reconciliation of movements of liabilities to cash flows arising from financing activities.
- During the year, the Company paid in cash INR 42 (previous year: INR 42) towards corporate social responsibility (CSR) expenditure (included in Corporate social responsibility expenditure - Refer note 34(b)).

Significant accounting policies 2

Notes to the standalone Ind AS financial statements 3-51

The accompanying notes form an integral part of the standalone Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of  
Punjab Chemicals and Crop Protection Limited

For B S R &amp; Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Mukesh D Patel

Chairman

DIN No.: 00009605

Shalil Shroff

Managing Director

DIN No.: 00015621

Avtar Singh

Director (Operations &amp; Business Development)

DIN No.: 00063569

Pravin Tulsyan

Partner

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

Punit K. Abrol

Sr. V.P. (Finance) &amp;

Company Secretary

Place: Mumbai

Date: 29 May 2018

Vipul Joshi

Chief Financial Officer



## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### Note 1. Corporate Information

Punjab Chemicals and Crop Protection Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is situated at Milestone 18, Ambala Kalka Road, Village & P.O. Bhankharpur, Derabassi, Distt. SAS Nagar, Mohali (Punjab)-140201

The Company is engaged in business of manufacturing of agro chemicals, speciality chemicals and bulk drugs and its intermediates.

### Note 2. Significant accounting policies

#### (a) Basis of preparation

##### (i) *Statement of compliance*

These standalone Ind AS financial statements ("Ind AS financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2014.

As these are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, which was the previous GAAP. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 38.

The standalone Ind AS financial statements were authorized for issue by the Company's Board of Directors on 29 May 2018.

##### (ii) *Functional and presentation currency*

The functional currency of the Company is the Indian rupee. These standalone Ind AS financial statements are presented in Indian rupees. All amounts have been rounded off to the nearest lakhs, upto two places of decimal, unless otherwise indicated.

##### (iii) *Basis of measurement*

The standalone Ind AS financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefits (assets)/ liability	Fair value of the plan assets less present value of defined benefits obligations

##### (iv) *Use of estimates and judgments*

The preparation of standalone Ind AS financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and there ported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an on going basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognized in the standalone Ind AS financial statements is included in the following notes:

- Note 2(a) (v) - Fair value measurement
- Note 2 (b) and 3 – Assessment of useful life and residual value of Property, plant and equipment
- Note 2 (b) and 5 – Assessment of useful life of Intangible assets
- Note 2 (l), 2(m), 20 and 42 – Provisions and contingent liabilities
- Note 2 (k) and 36 – Income taxes
- Note 41– Measurement of defined benefit obligations: key actuarial assumptions
- Note 2(e) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts
- Note 2(f) - Impairment of financial assets



- Note 10 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used. future recoverability been probable;

(v) *Measurement of fair values*

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control frame work with respect to measurement of fair values. This includes the top management division which is responsible for over seeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant un observable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred. Further information about the assumptions made in measuring fair values used in preparing these standalone Ind AS financial statements is included in the respective notes.

**(b) Property, plant and equipment (PPE) and intangible assets**

(i) *Property, plant and equipment*

Free hold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

(ii) *Intangible assets*

- Internally generated good will is not recognised as an asset. With regard to other internally generated intangible assets:
  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
  - Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including



regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

- Intangible assets that are acquired (including implementation of software system) are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

(iii) *Transition to Ind AS*

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2016.

(iv) *Depreciation and amortization methods, estimated useful lives and residual value*

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the following classes of fixed assets which are depreciated based on the internal technical assessment of the management as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Factory building	5 years to 28 years	30 years
Office building	5 to 50 years	60 years
Plant and equipment	5 years to 20 years	15 years
Electrical Installation	12 years to 20 years	10 years
Vehicles	8 years	8 years
Furniture and fixtures	10 years	10 years

Leasehold land which qualifies as finance lease is amortised over the lease period on straight line basis.

Software systems are being amortised over a period of three years being their useful life. Product registration (including task charges, task force studies and other related expenses) are amortised over a period of ten years and Technical Know How are being amortised over a period of five years.

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date/month of addition/disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(v) *Derecognition*

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

(c) **Non-current assets held for sale**

Non-current assets, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Statement of Profit and Loss.

Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated.

(d) **Investment Property**

Investment property is property held either to earn rental



income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company depreciates investment property using the following useful lives from the date of original purchase.

Investment property	Management estimate of useful life	Useful life as per Schedule II
Building	5 years to 58 years	30 and 60 years
Plant and equipment	5 years to 20 years	15 years

Any gain or loss on disposal of an investment property is recognised in profit or loss.

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

#### (e) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### (f) Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *Financial assets*

##### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

##### *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and





Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

#### *Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

#### *Debt instrument at FVPL*

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### *Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

#### *Impairment of financial assets*

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.





When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

#### *Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Group in accordance with the contract and the cash flow that the Company expects to receive).

#### *Presentation of allowance for expected credit losses in the balance sheet*

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

#### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through

arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### *Financial liabilities*

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

#### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **(g) Inventories**

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The Company uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable



(adjustable) taxes wherever applicable. Fixed production overheads are included based on normal capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

#### (h) Revenue recognition

##### *Sale of goods*

Revenue from sale of products is recognised when the property in the goods, or all significant risks and rewards of ownership of the products have been transferred to the buyer, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products as well as regarding its collection. Revenues include excise duty till 30 June 2017 (goods and service tax (GST) applicable w.e.f. 1 July 2017) and are shown net of GST, sales tax, value added tax and applicable discounts and allowances, if any.

Revenue includes only those sales for which the Company has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any sales for which the Company has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Goods sold on consignment are recorded as inventory until goods are sold by the consignee to the end customer.

##### *Sale of services*

Revenue from services rendered is recognised in statement of profit or loss based on the terms of agreements as and when the services are rendered and the related costs are incurred.

##### *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms except where the rentals are structured to increase in line with expected general inflation.

##### *Dividend income*

Dividend income is recognised when the Company's right

to receive the payment is established, which is generally when shareholders approve the dividend.

##### *Export benefits*

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### (i) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### (j) Employee benefits

##### *Short-term employee benefits*

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

##### *Post-employment benefits*

Post employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

##### (i) *Gratuity*

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of gratuity is recognised in the books of account based on actuarial valuation by an independent actuary. The



gratuity liability for certain employees of the Company is funded with Life Insurance Corporation of India.

(ii) *Superannuation*

Certain employees of the Company are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.

(iii) *Provident fund*

The Company makes contribution towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan.

Company's contribution to the provident fund is charged to Statement of Profit and Loss.

*Other long-term employee benefits:*

*Compensated absences:*

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long-term employee benefits is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise

*Termination benefits:*

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

*Actuarial valuation*

The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market

yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

(k) **Income tax**

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

- *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised



amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- *Minimum Alternative tax*

Minimum Alternative tax ('MAT') under the provisions of Income-tax Act, 1961 is recognised as current tax in profit or loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability only when and to the extent there is convincing

evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised adjusted from deferred tax liability is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(l) **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) **Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

(n) **Leases**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. If it is a lease arrangement, it is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.





### The company as lessee

#### *Finance leases*

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### The company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets subject to operating leases are included in Plant, Property and Equipment. Lease income is treated as revenue and the same is credited to the statement of profit and loss on a straight-line basis. Costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage etc. are recognized immediately in the statement of profit and loss.

### **(o) Operating segment**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

### **(p) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand,

demand deposits held with banks, bank overdraft, cash credit, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(q) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **(r) Foreign currency transactions**

#### *Initial recognition*

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

#### *Measurement at the reporting date*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in profit or loss.

### **(s) Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented with in other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Statement of Profit and Loss on a straight-line basis over the expected lives of the related assets and presented within other income.

### **(t) Earnings per share**

Basic earnings/ (loss) per share are calculated by dividing



the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### (u) Recent accounting pronouncements

Applicable standards issued but not yet effective

Ind AS 115, Revenue from contracts with customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligation in contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company has completed its evaluation and the possible impact of this amendment and does not expect the impact and adoption of this amendment to be material.





### Note 3: Property, plant and equipment and Capital work in progress

#### Gross carrying amount (refer note e)

	Freehold Land	Leasehold Land	Building	Plant and equipment	Electrical installations	Vehicles	Furniture and fixtures	Total	Capital work in progress
<b>Deemed cost</b>									
At 1 April 2016	5,395	3	1,782	5,841	103	185	76	13,385	232
Additions	-	-	5	680	7	460	21	1,173	889
Disposals	-	-	-	36	-	9	-	45	625#
<b>Balance as at 31 March 2017</b>	<b>5,395</b>	<b>3</b>	<b>1,787</b>	<b>6,485</b>	<b>110</b>	<b>636</b>	<b>97</b>	<b>14,513</b>	<b>496</b>
Balance as at 1 April 2017	5,395	3	1,787	6,485	110	636	97	14,513	496
Additions	-	-	40	1,857	24	186	51	2,158	1,296
Disposals	-	-	-	40	-	12	1	53	1,548#
<b>Balance as at 31 March 2018</b>	<b>5,395</b>	<b>3</b>	<b>1,827</b>	<b>8,302</b>	<b>134</b>	<b>810</b>	<b>147</b>	<b>16,618</b>	<b>244</b>

#### Accumulated depreciation (refer note e)

Balance as at 1 April 2016	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	174	672	19	59	24	948	-
Disposals	-	-	-	15	-	1	-	16	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>174</b>	<b>657</b>	<b>19</b>	<b>58</b>	<b>24</b>	<b>932</b>	<b>-</b>
Balance as at 1 April 2017	-	-	174	657	19	58	24	932	-
Depreciation for the year	-	-	162	693	20	89	27	991	-
Disposals	-	-	-	14	-	7	1	22	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>336</b>	<b>1,336</b>	<b>39</b>	<b>140</b>	<b>50</b>	<b>1,901</b>	<b>-</b>

#### Carrying amounts (net)

As at 1 April 2016	5,395	3	1,782	5,841	103	185	76	13,385	232
As at 31 March 2017	5,395	3	1,613	5,828	91	578	73	13,581	496
As at 31 March 2018	5,395	3	1,491	6,966	95	670	97	14,717	244

#### Note

- Plant and equipment includes INR 44 (previous year: INR 44) worth of equipment acquired under United Nations Industrial Development Organization grant scheme.
- Plant and equipment includes INR 55 (previous year: INR Nil) of capitalization towards research and development.
- Refer note 19 for information on property, plant and equipment pledged as security by the Company.
- Refer note 42 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Refer note 38 for reconciliation of deemed cost as considered by the Company pursuant to transition provision under Ind AS 101.
- Amounts capitalized in the respective project costs and excluded from:
- The Company has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

	31 March 2018	31 March 2017	31 March 2016
Salaries, wages and bonus	34	11	43
Raw material consumption	21	106	-
Store consumption	101	209	85
Power and fuel	4	24	12
Finance costs	-	4	5
Others	8	12	-
	<b>168</b>	<b>366</b>	<b>145</b>

# Represents capital work in progress capitalized during the year



#### Note 4: Investment property

##### Gross carrying amount (refer note a)

	Leasehold Land	Building	Plant and equipment	Total
Balance as at 1 April 2016	522	1,258	1,242	3,022
Disposals	-	80	162	242
<b>Balance as at 31 March 2017</b>	<b>522</b>	<b>1,178</b>	<b>1,080</b>	<b>2,780</b>
Balance as at 1 April 2017	522	1,178	1,080	2,780
Disposals	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>522</b>	<b>1,178</b>	<b>1,080</b>	<b>2,780</b>

##### Accumulated depreciation (refer note a)

Balance as at 1 April 2016	-	-	-	-
Depreciation for the year	9	14	182	205
Disposals	-	5	31	36
<b>Balance as at 31 March 2017</b>	<b>9</b>	<b>9</b>	<b>151</b>	<b>169</b>
Balance as at 1 April 2017	9	9	151	169
Depreciation for the year	9	16	144	169
Disposals	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>18</b>	<b>25</b>	<b>295</b>	<b>338</b>

##### Carrying amount (net)

<b>At 1 April 2016</b>	<b>522</b>	<b>1,258</b>	<b>1,242</b>	<b>3,022</b>
<b>At 31 March 2017</b>	<b>513</b>	<b>1,169</b>	<b>929</b>	<b>2,611</b>
<b>As at 31 March 2018</b>	<b>504</b>	<b>1,153</b>	<b>785</b>	<b>2,442</b>

#### Note

- a) Refer note 38 for a reconciliation of deemed cost as considered by Company pursuant to transition provision under Ind AS 101. Also, refer note 40(a).

#### Note 5: Other intangible assets and intangible assets under development

##### Gross carrying amount (refer note a)

	Computer Software	Product registrations	Technical Know how	Total	Intangible assets under development
Deemed cost	-	894	245	1,139	146
Additions	-	6	42	48	28
Additions - acquired	-	-	-	-	-
Disposals	-	247	-	247	48#
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>653</b>	<b>287</b>	<b>940</b>	<b>126</b>
Balance as at 1 April 2017	-	653	287	940	126
Additions	-	-	17	17	63
Additions - acquired	3	-	16	19	-
Disposals	-	-	-	-	17#
<b>Balance as at 31 March 2018</b>	<b>3</b>	<b>653</b>	<b>320</b>	<b>976</b>	<b>172</b>



	Computer Software	Product registrations	Technical Know how	Total	Intangible assets under development
<b>Accumulated amortization (refer note a)</b>					
Balance as at 1 April 2016	-	-	-	-	-
Amortization for the year	-	219	59	278	-
Disposals	-	47	-	47	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>172</b>	<b>59</b>	<b>231</b>	<b>-</b>
Balance as at 1 April 2017	-	172	59	231	-
Amortization for the year	1	168	65	234	-
Disposals	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>1</b>	<b>340</b>	<b>124</b>	<b>465</b>	<b>-</b>
<b>Carrying amounts (net)</b>					
At 1 April 2016	-	894	245	1,139	146
At 31 March 2017	-	481	228	709	126
At 31 March 2018	2	313	196	511	172

## Notes

a. Refer note 38 for reconciliation of deemed cost as considered by the Company pursuant to transition provision under Ind AS 101.

# Represents intangible assets under development capitalized during the year.

## Note 6: Investments

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A. Non- current investments</b>			
<u>Quoted equity shares</u>			
<i>Equity shares at fair value through other comprehensive income</i>	0.32	0.65	0.67
1,700 (31 March 2017: 1,700; 1 April 2016: 1,700) equity shares of INR 10 each fully paid-up in Dena Bank Limited			
400 (31 March 2017: 400; 1 April 2016: 400) equity shares of INR 10 each fully paid-up in Syndicate Bank Limited	0.22	0.29	0.29
	<b>0.54</b>	<b>0.94</b>	<b>0.96</b>
<u>Unquoted equity shares</u>			
<i>Subsidiary companies (at cost)</i>			
16,612 (31 March 2017: 16,612; 1 April 2016: 10,823) equity shares of Euro 615 each fully paid-up in SD Agchem (Europe) N.V.	4,507	5,463	3,825
2,000 (31 March 2017: 2,000; 1 April 2016: 2,000) equity shares of GBP 1 each fully paid-up in STS Chemicals (UK) Limited	2	2	2
<i>Investment in joint venture (at cost)</i>			
Nil (31 March 2017: Nil ; 1 April 2016: 22,470) equity shares of INR 10 each fully paid-up in Stellar Marine Paints Limited	-	-	2
<i>Other Companies (fair value through other comprehensive income)</i>			
84,375 (31 March 2017: 84,375 ; 1 April 2016: 84,375) equity shares of INR 10 each fully paid-up in Nimbua Green Field (Punjab) Limited	129	115	103
1,00,000 (31 March 2017: 1,00,000 ; 1 April 2016: 1,00,000) equity shares of INR 10 each fully paid-up in Mohali Green Field Limited	10	10	10
Nil (31 March 2017: 12,500 ; 1 April 2016: 12,500) equity shares of INR 10 each fully paid-up in Alpha Tools Private Limited	-	1	1



	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Nil (31 March 2017: 30 ; 1 April 2016: 30) equity shares of INR 50 each fully paid-up in Alkapuri Arcade Co-op Society	-	0.02	0.02
Nil (31 March 2017: 2,535 ; 1 April 2016: 2,535) equity shares of INR 10 each fully paid-up in Pragati Sahkari Bank Limited	-	0.25	0.25
Nil (31 March 2017: 1,050 ; 1 April 2016: 1,050) equity shares of INR 10 each fully paid-up in Baroda Dist. Industrial Co-op Bank Limited	-	0.11	0.11
<i>Investments measured at fair value through statement of profit and loss</i>			
Nil (31 March 2017: 3,875 ; 1 April 2016: 3,875) 6.75% Tax Free US-64 Bonds of INR 100 each	-	4	4
	<b>4,648</b>	<b>5,595</b>	<b>3,947</b>
<b>Impairment in value of investments</b>			
Subsidiary Companies :			
16,612 (31 March 2017: 16,612; 1 April 2016: 10,823) equity shares of Euro 615 each fully paid-up in SD Agchem (Europe) N.V.	4,507	5,103	3,744
2,000 (31 March 2017: 2,000; 1 April 2016: 2,000) equity shares of GBP 1 each fully paid-up in STS Chemicals (UK) Limited	2	2	-
Unquoted equity shares at fair value through other comprehensive income:			
Nil (31 March 2017: 30 ; 1 April 2016: 30) equity shares of INR 50 each fully paid-up in Alkapuri Arcade Co-op Society	-	0.02	0.02
Nil (31 March 2017: 2,535 ; 1 April 2016: 2,535) equity shares of INR 10 each fully paid-up in Pragati Sahkari Bank Limited	-	0.25	0.25
Nil (31 March 2017: 1,050 ; 1 April 2016: 1,050) equity shares of INR 10 each fully paid-up in Baroda Dist. Industrial Co-op Bank Limited	-	0.11	0.11
Investments measured at fair value through statement of profit and loss:			
Nil (31 March 2017: 3,875 ; 1 April 2016: 3,875) 6.75% Tax Free US-64 Bonds of INR 100 each	-	4	4
<b>Total non-current investments</b>	<b>140</b>	<b>487</b>	<b>200</b>
Aggregate book value of quoted investments	1	1	1
Aggregate market value of quoted investments	1	1	1
Aggregate value of unquoted investments	4,648	5,595	3,947
Aggregate amount of impairment in value of non-current investments	4,509	5,109	3,748
	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
<b>B. Current investments</b>			
<b>Quoted</b>			
<i>Investments in mutual funds measured at fair value through statement of profit and loss</i>			
30,000 (31 March 2017: 30,000; 1 April 2016: 30,000) units of INR 10 each in Baroda Pioneer Hybrid Fund.	3	3	3
	<b>3</b>	<b>3</b>	<b>3</b>
Aggregate book value of quoted investments	3	3	3
Aggregate market value of quoted investments	3	3	3
Aggregate value of unquoted investments	-	-	-
Aggregate amount of impairment in value of current investments	-	-	-



## Note 7: Trade receivables

(Unsecured, considered good unless otherwise stated)

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Trade receivables						
- from related parties						
- Considered good	271	-	-	-	1,425	-
- Considered doubtful	41	-	35	162	1,612	166
- from others						
- Considered good	3,849	-	4,787	-	4,130	-
- Considered doubtful	948	163	985	-	959	-
Less: expected credit loss on trade receivables	(989)	(163)	(1,020)	(162)	(2,571)	(166)
	<b>4,120</b>	<b>-</b>	<b>4,787</b>	<b>-</b>	<b>5,555</b>	<b>-</b>

## Note 8: Loans

(unsecured, considered good unless otherwise stated)

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Security deposit	1,003	226	1,259	199	1,398	876
Advances recoverable from related party						
- considered good	1,366	-	1,332	-	1,161	-
- considered doubtful	1,071	-	1,018	14	1,603	14
Less: expected credit loss for doubtful advances	(1,071)	-	(1,018)	(14)	(1,603)	(14)
Advances recoverable from others						
- considered good	86	-	58	-	126	-
- considered doubtful	24	14	24	-	24	-
Less: expected credit loss for doubtful advances	(24)	(14)	(24)	-	(24)	-
	<b>2,455</b>	<b>226</b>	<b>2,649</b>	<b>199</b>	<b>2,685</b>	<b>876</b>

## Note 9: Other financial assets

Rs. in lacs

	Note	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		Current	Non-current	Current	Non-current	Current	Non-current
Deposits with original maturity of more than 12 months	(a)	-	-	-	175	-	176
Interest receivable		64	-	49	-	36	-
Export incentive recoverable		485	-	548	-	590	-
Insurance claim receivable		22	-	3	-	1	-
Unbilled job work charges		405	-	86	-	60	-
Other receivable		42	-	89	-	74	-
		<b>1,018</b>	<b>-</b>	<b>775</b>	<b>175</b>	<b>761</b>	<b>176</b>

(a) Includes restricted deposits of INR Nil (31 March 2017: INR 175; 1 April 2016 :INR 176) as deposits pledged as for margin for bank guarantees.



## Note 10: Deferred tax asset (net)

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<i>Deferred tax assets on account of:</i>			
- Expenses allowable on payment basis	1,270	1,390	1,456
- Expected credit loss allowance	882	853	741
- Tax losses and unabsorbed depreciation carried forward	-	439	1,289
- Expenses allowed on deferred basis under income tax	83	120	158
- Minimum alternate tax credit entitlement	147	113	113
<i>Deferred tax liabilities on account of:</i>			
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	1,715	1,661	2,296
- Impact of fair value of Corporate Debt Restructuring loan	52	184	311
<b>Deferred tax asset (net)</b>	<b>615</b>	<b>1,070</b>	<b>1,150</b>

	As at 1 April 2016	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2017
<b>2016-2017</b>				
<i>Deferred tax assets on account of:</i>				
- Expenses allowable on payment basis	1,456	(59)	7	1,390
- Expected credit loss allowance	741	112	-	853
- Tax losses and unabsorbed depreciation carried forward	1,289	(850)	-	439
- Expenses allowed on deferred basis under income tax	158	(38)	-	120
- Minimum alternate tax credit entitlement	113	-	-	113
<i>Deferred tax liabilities on account of:</i>				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	2,296	(635)	-	1,661
- Impact of fair value of Corporate Debt Restructuring loan	311	(127)	-	184
<b>Deferred tax asset (net)</b>	<b>1,150</b>	<b>(73)</b>	<b>7</b>	<b>1,070</b>

	As at 1 April 2017	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2018
<b>2017-2018</b>				
<i>Deferred tax assets on account of:</i>				
- Expenses allowable on payment basis	1,390	(127)	7	1,270
- Expected credit loss allowance	853	29	-	882
- Tax losses and unabsorbed depreciation carried forward	439	(439)	-	-
- Expenses allowed on deferred basis under income tax	120	(37)	-	83
- Minimum alternate tax credit entitlement	113	34	-	147
<i>Deferred tax liabilities on account of:</i>				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	1,661	54	-	1,715
- Impact of fair value of Corporate Debt Restructuring loan	184	(132)	-	52
<b>Deferred tax asset (net)</b>	<b>1,070</b>	<b>(462)</b>	<b>7</b>	<b>615</b>





### Note 11: Income tax assets (net)

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income-tax and tax deducted at source (net of provision INR 139 (31 March 2017: INR 139; 01 April 2016: INR 139))	647	884	724
	<b>647</b>	<b>884</b>	<b>724</b>

### Note 12: Other non-current assets

(Unsecured, considered good unless otherwise stated)

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital advances			
- to others	60	96	13
	<b>60</b>	<b>96</b>	<b>13</b>

### Note 13: Inventories

(At lower of cost and net realizable value, whichever is lower)

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials #	2,803	1,856	1,139
Work-in-progress	986	977	710
Finished goods	2,620	2,448	2,319
Packing material	98	71	73
Stores and spares	193	144	266
	<b>6,700</b>	<b>5,496</b>	<b>4,507</b>
Notes			
# Material in transit- raw material	261	1	3

Amount of write down of inventories to net realizable value (NRV) and other provisions/ loss recognized in the Statement of Profit and Loss as an expenses INR Nil (31 March 2017 INR 162; 1 April 2016 INR Nil). The reversal of write-downs during the year amounted to INR 27 (31 March 2017: INR 98; 1 April 2016: Nil). The write downs and reversal are included in the cost of material consumed or changes in inventories of finished goods, work-in progress and stock-in- trade.

### Note 14: Cash and cash equivalents

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks			
- Current accounts	70	146	107
- Fixed deposits with original maturity upto three months	303	14	-
Cash on Hand	2	7	6
	<b>375</b>	<b>167</b>	<b>113</b>

### Note 15: Other bank balances

Rs. in lacs

Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposit accounts with original maturity more than 3 months and upto 12 months from the reporting date	(a) 165	62	72
Balances with banks - Unclaimed dividend accounts	-	-	2
	<b>165</b>	<b>62</b>	<b>74</b>

#### Note:

(a) These deposits include restricted bank deposits INR 165 (31 March 2017: INR 9; 1 April 2016: INR 17) pledged as margin money.

**Note 16: Other current assets***(Unsecured, considered good unless otherwise stated)*

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Recoverable from/ balances with government authorities			
- considered good	2,040	1,009	649
- considered doubtful	194	186	-
Less : expected credit loss for balance recoverable from government authorities	(194)	(186)	-
Advances for supply of goods	39	183	112
Prepaid expenses	78	89	51
Assets held for sale {refer note (a) and note (b) below}	28	28	1,232
Others	16	10	19
	<b>2,201</b>	<b>1,319</b>	<b>2,063</b>

**Notes**

- (a) During the year ended 31 March 2016, the company had decided to sell off one of its office premises for INR 1,200 having a net book value of INR 1,267. The Company had recognized a loss of INR 67 in the year ended 31 March 2016 and the asset was shown under Other current assets as Assets held-for-sale. In the year ended 31 March 2017, the Company had entered into sale agreement of the office premise for a consideration of INR 1,115. Accordingly, the Company has recognized additional loss of INR 85 in the Statement of Profit and Loss for year ended 31 March 2017.
- (b) During the financial year 2015-16, the Company had carried out physical verification and technical evaluation for usability of property, plant and equipment and intangible assets at Tarapur unit. On such evaluation the management had identified property, plant and equipment and intangible assets aggregating to INR 1,163 of no use by the Company. Accordingly, the management had decided to discarded / scrapped the assets. The Company had recognized the losses of INR 1,131 in the Statement of Profit and Loss and INR 32 categorized as assets held for sale from Property, Plant and Equipment as at 31 March 2016. During the year 31 March 2017, assets held for sale has been reduced to INR 28 on account of assets sold worth INR 4.

**Note 17: Equity Share capital***(i) Details of share capital*

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<i>Authorized</i>						
Equity shares of INR 10 each.	19,800,000	1,980	19,800,000	1,980	19,800,000	1,980
	<b>19,800,000</b>	<b>1,980</b>	<b>19,800,000</b>	<b>1,980</b>	<b>19,800,000</b>	<b>1,980</b>
<i>Issued, subscribed and fully paid up</i>						
Equity shares of INR 10 each fully paid up	12,262,185	1,226	12,262,185	1,226	12,262,185	1,226
	<b>12,262,185</b>	<b>1,226</b>	<b>12,262,185</b>	<b>1,226</b>	<b>12,262,185</b>	<b>1,226</b>

*(ii) Reconciliation of number of shares outstanding at the beginning and end of the reporting year*

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at the beginning and at the end of the year	12,262,185	1,226	12,262,185	1,226	12,262,185	1,226

**(iii) Rights, preference and restriction attached to shares**

The Company has only one class of equity shares having a par value of INR 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iv) Details of shareholders holding more than 5% shares in the company**

Rs. in lacs

Name of shareholder	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares of INR10 each fully paid</b>						
Hem-sil Trading and Manufacturing Private Limited	4,017,318	33%	4,017,318	33%	4,017,318	33%
Gowal Consulting Services Private Limited	3,000,000	24%	3,000,000	24%	3,000,000	24%

**(v) Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2018**

During the five years immediately preceding 31 March 2018, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except for 69,293 equity shares allotted as fully paid up pursuant to scheme of amalgamation in year ended 31 March 2012.

**Note 18: Other equity****(i) Capital reserve**

Capital reserve represents the forfeited share application money of INR 185 received for preferential convertible warrants in 2008-2009 and INR 124 received for equity convertible warrant in 2009-2010.

**(ii) Capital redemption reserve**

Capital redemption reserve is carried forward in the balance sheet of the Company post merger of Parul Chemical Limited into the Company during the year 2010-2011.

**(iii) Capital reduction reserve**

Capital reduction reserve is carried forward in the balance sheet of the Company post merger of Parul Chemical Limited into the Company during the year 2010-2011.

**(iv) Securities premium**

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilized in accordance with the applicable provisions of the Companies Act, 2013.

**(v) Amalgamation reserve**

Amalgamation reserve is carried forward in the balance sheet of the Company post merger of Parul Chemical Limited into the Company during the year 2010-2011.

**(vi) Retained earnings**

Retained earnings represents the profits that the Company has earned till date less any transfer to general reserve, less any dividends, or other distributions paid to shareholders.

**(vii) Equity instruments through Other Comprehensive Income**

The Company has elected to recognize changes in the fair value of certain investments in equity securities of other comprehensive income. These changes are accumulated within the equity instrument through OCI within equity. The company transfers amounts there from to retained earning when the relevant equity securities are derecognized.



## Note 19: Borrowings

Rs. in lacs

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>I. Non-current borrowings</b>				
Secured				
From Banks				
Term loan	(a)[(i - iii)], (f)(i)	6,272	9,181	10,915
Working capital demand loan	(a)(iv), (f)(ii)	51	51	177
Vehicle finance scheme	(b)	10	16	-
From Others				
Housing finance scheme	(c)	10	11	14
Vehicle finance scheme	(d), (e)	62	15	-
Total non current borrowings(including current maturities)		<b>6,405</b>	<b>9,274</b>	<b>11,106</b>
Less : Current maturities of non-current borrowings (refer note no. 23)*		<b>1,586</b>	<b>3,259</b>	<b>1,784</b>
		<b>4,819</b>	<b>6,015</b>	<b>9,322</b>

\* Current and non-current classification of borrowings is based on contractual maturities.

- a. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, SBICAP Trustee Company Limited was appointed as the Security Trustee for the benefit of the Lenders of the Company and acting as an agent for SBI Antwerp, Belgium for the loan taken by one of the subsidiary of the Company. In pursuance of master restructuring agreement signed as per CDR scheme and the SBI Antwerp document, the term loan amounting to INR 6,272 (31 March 2017: INR 9,187 ; 1 April 2016: INR 10,915) and working capital demand loan amounting to INR 51 (31 March 2017: INR 51 ; 1 April 2016: INR 177) is secured by way of first pari passu charge on movable assets including current assets and immovable assets of Derabassi and Lalru unit, pledge of unencumbered shares of one of the promoter and the personal guarantee of promoter of the Company. These comprise:
  - i. Term loans amounting to INR 3,070 (31 March 2017: INR 4,970 ; 1 April 2016: INR 6,020) is carrying interest rate of 10.75% p.a. (31 March 2017: 10.75% ; 1 April 2016: 10.75%). Principal amount of INR 191 (31 March 2017: INR 347 ; 1 April 2016: INR 269) is overdue for a period of 1 day (31 March 2017: 1-91 days; 1 April 2016: 1 day) as on the reporting date.
  - ii. Working capital term loans amounting to INR 1,633 (31 March 2017: INR 2,005 ; 1 April 2016: INR 2,352) is carrying interest rate of 8% p.a. (31 March 2017: 8% p.a; 1 April 2016: 8%). Principal amount of INR 43 (31 March 2017: INR 38 ; 1 April 2016: INR 14) is overdue for a period of 1 day (31 March 2017: 1 day; 1 April 2016: 1 day) as on the reporting date.
  - iii. Funded interest term loan amounting to INR 1,569 (31 March 2017: INR 2,206 ; 1 April 2016: INR 2,543) is carrying interest rate of 8% p.a. (31 March 2017: 8% p.a. ; 1 April 2016 : 8% p.a.). Principal amount of INR 54 (31 March 2017: 87 ; 1 April 2016: 54) is overdue for a period of 91 days (31 March 2017: 1 day; 1 April 2016: 1 day) as on the reporting date.
  - iv. Working capital demand loans amounting to INR 51 (31 March 2017: INR 51 ; 1 April 2016: INR 177) is carrying interest rate of 10.75% p.a. (31 March 2017: 10.75% ; 1 April 2016: 10.75% p.a.). Principal amount INR 51 (31 March 2017: INR 51 ; 1 April 2016 : INR 177) is overdue for 2009 days (31 March 2017: 1644 days ; 1 April 2016: 1279 days) as on the reporting date. (Refer note 19(j)(ii) for further details).
- b. Loan from Axis Bank Limited under vehicle finance scheme amounting to INR 10 (31 March 2017: 16 ; 1 April 2016: Nil) is secured by exclusive charge by way of hypothecation of vehicles purchased under said Scheme and carrying interest rate of 9.41% and is repayable in 20 EMIs.
- c. Loan from Housing Development Finance Corporation Limited for INR 10 (31 March 2017: INR 11 ; 1 April 2016: INR 14) is secured by equitable mortgage by way of the deposit of the title deeds of the properties of respective employees who have availed the loan under said Schemes and is carrying interest rate of 11% p.a. (31 March 2017: 12%-16% p.a. ; 1 April 2016: 12%-16%) and is repayable in 24 EMIs.
- d. Loan from Kotak Mahindra Prime Limited under vehicle finance scheme amounting to INR 4 (31 March 2017: 7 ; 1 April 2016: Nil) is secured by exclusive charge by way of hypothecation of vehicles purchased under said Scheme and carrying interest rate of 9.4% and is repayable in 20 EMIs.



- e. Loan from Mahindra & Mahindra Finance Services Limited under vehicle finance scheme amounting to INR 58 (31 March 2017: 8 ; 1 April 2016: Nil) is secured by exclusive charge by way of hypothecation of vehicles purchased under said Scheme and carrying interest rate of 11.02% and is repayable in 24-32 EMLs.
- f. One time settlement
- One Time Settlement (OTS) with Central Bank of India  
During the year, the Company has paid balance amount of INR 1,208 towards One Time Settlement (OTS) from Central bank of India and obtained No Dues Certificate. Accordingly, net write back of INR 326 has been recognized and disclosed as exceptional items.
  - Corporate Debt Restructuring  
In the earlier periods, the Company had obtained an approval for Debt Restructuring (referred to as 'CDR') from the Corporate Debt Restructuring Empowered Group ('CDR EG'). As per the CDR Scheme, the Company was liable to pay working capital demand loan amounting to INR 5,000 till September 2012, out of which the Company has repaid INR 4,949 (31 March 2107: INR 4,949 ; 1 April 2016: INR 4,823) as of 31 March 2018. The balance amount of INR 51 represents excess interest charged by one of the member of the CDR Scheme which will be adjusted/refunded.

## II. Current borrowings

Rs. in lacs

Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash credit from banks (secured)	(g), (h) 4,665	4,669	4,619
Inter-corporate deposits repayable on demand (unsecured)	(i)		
- from related party	385	314	344
- from others	100	-	-
Book overdraft	131	3	-
	<b>5,281</b>	<b>4,986</b>	<b>4,963</b>
	<b>10,100</b>	<b>11,001</b>	<b>14,285</b>

### Notes

- g. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, SBICAP Trustee Company Limited was appointed as the Security Trustee for the benefit of the Lenders of the Company and acting as an agent for SBI Antwerp, Belgium for the loan taken by one of the subsidiary of the Company. In pursuance of master restructuring agreement signed as per CDR scheme and the SBI Antwerp document, the cash credit amounting to INR 4,665 (31 March 2107: INR 4,669 ; 1 April 2016: INR 4,619) is secured by way of first pari passu charge on movable assets including current assets and immovable assets of Derabassi and Lalru unit, pledge of unencumbered shares of one of the promoter and the personal guarantee of promoter of the Company.
- h. Cash credit amounting to INR 4,665 (31 March 2017: INR 4,669 ; 1 April 2016: INR 4,619) is carrying interest rate of 10.75% p.a. (31 March 2017: 10.75% p.a.; 1 April 2016: 10.75% p.a.).
- i. Inter-corporate deposits amounting to INR 485 (31 March 2017: INR 314 ; 1 April 2016: 344) is carrying interest rate of 11% to 12.75% p.a (31 March 2017: 12.75% p.a; 1 April 2016:12.75% p.a.).

## III. Reconciliation of movements of liabilities to cash flows arising from financing activities

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017
Borrowings at the beginning of the year (current and non current) including short term	14,261	16,069
Proceeds from non-current borrowings	57	33
Repayments of non-current borrowings	(2,977)	(2,231)
Proceeds of current borrowings (net)	295	23
Write back of borrowings along with accrued interest on one time settlement	(326)	-
Unwinding of fair value of CDR loan	382	367
<b>Borrowings at the end of the year (current and non current)</b>	<b>11,692</b>	<b>14,261</b>

**Note 20: Provisions**

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
<i>Provision for employee benefits (refer note 41)</i>						
Liability for gratuity	319	1,298	212	1,108	120	1,056
Liability for compensated absences	2	667	2	613	2	506
	<b>321</b>	<b>1,965</b>	<b>214</b>	<b>1,721</b>	<b>122</b>	<b>1,562</b>

**Note 21: Other non-current liabilities**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred government grant	8	6	25
Deferred revenue	14	-	-
	<b>22</b>	<b>6</b>	<b>25</b>

**Note 22: Trade payables**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Other trade payables	10,590	8,057	5,902
	<b>10,590</b>	<b>8,057</b>	<b>5,902</b>

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Company as under :

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) The principal amount remaining unpaid to any supplier at the end of the year	-	-	-
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-	-
(c) The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ( "MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-	-
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-	-
(f) The amount of interest accrued and remaining unpaid at the end of year	-	-	-
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-	-




**Note 23: Other financial liabilities**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of non current borrowings (refer note 19)	1,586	3,259	1,784
Interest accrued but not due on borrowings	66	217	147
Due to subsidiaries	1,366	1,173	1,268
Employee related liabilities	468	324	339
Interest bearing security deposits from customers	70	71	62
Security deposit from employees	228	239	226
Unclaimed dividend	-	-	2
Payable to promoters towards one time settlement	358	358	358
Capital creditors	190	254	210
Others	403	200	12
	<b>4,735</b>	<b>6,095</b>	<b>4,408</b>

**Note 24: Other current liabilities**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance for sale of Property, plant and equipment*	45	45	1,025
Advance from customers	463	910	1,641
Deferred revenue	56	-	-
Deferred government grant	2	7	10
Statutory dues	167	232	243
	<b>733</b>	<b>1,194</b>	<b>2,919</b>

\*During the earlier years the Company had decided to sell off of its Pune unit against which the Company has received an advance of INR 45.

**Note 25: Current tax liabilities (net)**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for income tax (net of advance tax of INR 166 (31 March 2017: INR 106 ; 1 April 2016: INR 106))	132	217	217
	<b>132</b>	<b>217</b>	<b>217</b>

**Note 26: Revenue from operations**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (including excise duty to the extent applicable)		
Finished goods	42,090	37,799
Traded goods	274	253
Sale of services	5,133	2,892
Other operating revenues:		
Scrap sales	112	85
Export incentive	1,417	1,186
Others	51	-
	<b>49,077</b>	<b>42,215</b>

**Note 27: Other income**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income		
- on fixed deposits	25	20
- others	167	147
Reversal of impairment loss on doubtful debts and advances	189	2,278
Liability no longer required written back	-	39
Rental income	458	482
Amortization of government grant	2	22
Exchange gain on foreign exchange fluctuation (net)	281	-
Gain on sale of investments	3	-
Gain on sale of property, plant and equipment (net)	3	-
Others	14	12
	<b>1,142</b>	<b>3,000</b>

**Note 28: Cost of materials consumed**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Inventory of raw material at the beginning of the year	1,856	1,139
Add: Purchases of raw materials	30,540	25,038
Less: Inventory of raw material at the end of the year	(2,803)	(1,856)
	<b>29,593</b>	<b>24,321</b>

**Note 29: Purchases of stock-in-trade**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Chemicals	156	242
	<b>156</b>	<b>242</b>

**Note 30: Changes in inventories of finished goods, stock-in-trade and work-in-progress**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock		
Work-in-progress	977	710
Finished goods	2,448	2,319
Less:	<b>3,425</b>	<b>3,029</b>
Closing stock		
Work-in-progress	986	977
Finished goods	2,620	2,448
	<b>3,606</b>	<b>3,425</b>
(Increase)/decrease in excise duty on closing stock of finished goods	<b>(108)</b>	<b>11</b>
	<b>(289)</b>	<b>(385)</b>



### Note 31: Employee benefits expense

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	4,487	4,023
Contribution to provident and other funds	501	417
Staff welfare expenses	440	404
	<b>5,428</b>	<b>4,844</b>

### Note 32: Finance costs

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on financial liabilities measured at amortized cost	1,652	1,955
Other borrowing cost	99	219
	<b>1,751</b>	<b>2,174</b>

### Note 33: Depreciation and amortization expense

Rs. in lacs

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipments	3	991	948
Depreciation of investment property	4	169	205
Amortization of intangible assets	5	234	278
		<b>1,394</b>	<b>1,431</b>

### Note 34: Other expense

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Stores and spares consumed	299	431
Power and fuel	4,200	3,469
Repairs and maintenance	987	875
Sub-contracting charges	478	366
Rent	149	136
Rates and taxes	133	153
Insurance charges	92	72
Traveling and conveyance	542	500
Commission on sales	127	163
Packing expenses	576	531
Freight and handling expenses	902	597
Job work expenses	74	37
Director's sitting fees	10	14
Charity and donations (other than political parties)	2	3
CSR expenditure (refer note B below)	42	42
Payment to the auditor (refer note A below)	23	32
Advances written off	67	60
Property, plant and equipment written off	11	409
Loss on sale of plant, property and equipment (net)	-	77
Expected credit loss on trade receivables and advances	249	137
Investment written off (refer note no. 47)	-	81
Impairment in the value of investments	360	2,238
Marketing and promotional expenses	31	30
Exchange loss on foreign exchange fluctuations	-	36
Miscellaneous expenses	1,143	1,112
	<b>10,497</b>	<b>11,601</b>



Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
<b>A] Payments to the auditor (excluding taxes as applicable):</b>		
As auditor		
Statutory audit	14	23
Limited review of quarterly results	9	9
	<b>23</b>	<b>32</b>
<b>B] Details of Corporate Social Responsibility expenditure:</b>		
	Year ended 31 March 2018	Year ended 31 March 2017
Gross amount required to be spent by the Company during the year	38	42
Details of amount spent during the year:		
Actual spent during the year:		
(i) Construction / acquisition of any asset	42	42
(ii) On purposes other than (i) above		
- In Cash	-	-
- Yet to be paid in Cash	-	-

**Note 35: Exceptional item**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Write back of borrowing alongwith accrued interest on one time settlement (Refer note no. 19 (f)(i) for details)	326	-
	<b>326</b>	<b>-</b>

**Note 36: Tax expense**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017
<b>a) Income tax recognized in statement of profit and loss</b>		
Current tax	297	-
Adjustments in respect of current tax of previous year	(51)	-
Deferred tax:		
Attributable to:		
MAT Credit	-	-
Origination and reversal of temporary differences	462	73
<b>Total tax expense recognized in the current year</b>	<b>708</b>	<b>73</b>
<b>b) Reconciliation of effective tax rate</b>		
Particulars	As at 31 March 2018	As at 31 March 2017
Accounting profit before income tax	1,748	(137)
At India's statutory tax rate of 34.94% (31 March 2017: 34.61%)	611	(47)
Effect of expense that are non-deductible expenses in determining taxable profits	163	151
Effect of increase in tax rate	(9)	-
Effect of change in estimate related to previous year	(51)	-
Others	(6)	(31)
<b>At the effective income tax rate of 34.94% (31 March 2017: 34.61%)</b>	<b>708</b>	<b>73</b>



	As at 31 March 2018	As at 31 March 2017
c) <i>Income tax expense recognized in other comprehensive income</i>		
Deferred tax assets/(liabilities)		
Arising on income and expenses recognized in other comprehensive income		
- Remeasurement of defined benefit obligation	12	(3)
- Equity investments through other comprehensive income-net change in fair value	(5)	(4)
<b>Total income tax recognized in other comprehensive income</b>	<b>7</b>	<b>(7)</b>
Bifurcation of the income tax recognized in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	7	(7)
Items that may be reclassified to profit or loss	-	-
	<b>7</b>	<b>(7)</b>

### Note 37: Earnings per share

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Profit/ (loss) after tax for basic and diluted EPS per share	1,040	(210)
Weighted average number of equity shares	12,262,185	12,262,185
Basic and diluted earnings per share (Face value of INR 10 each)	<b>8.48</b>	<b>(1.71)</b>

### Note 38: First-time adoption of Ind AS

As stated in note 2 (a)(i), these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2014 notified under section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these standalone Ind AS financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 01 April 2016.

In preparing its Ind AS balance sheet as at 01 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows.

#### A. Optional exemptions available

##### (i) *Deemed cost for property, plant and equipment and intangible assets*

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has adopted to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value. Information relating to gross carrying amount of assets and accumulated depreciation as on the transition date as per previous GAAP is as follows:

#### Property, plant and equipment

	Freehold Land	Leasehold Land	Building	Plant and equipments	Electrical installations	Vehicles	Furniture & Fixtures	Total
Gross carrying amount as on 1 April 2016	5,395	3	3,993	15,542	405	634	528	26,500
Accumulated Depreciation as on 1 April 2016	-	-	(2,211)	(9,701)	(302)	(449)	(452)	(13,115)
<b>Deemed cost as at 1 April 2016</b>	<b>5,395</b>	<b>3</b>	<b>1,782</b>	<b>5,841</b>	<b>103</b>	<b>185</b>	<b>76</b>	<b>13,385</b>



### Other intangible assets

	Computer Software	Product registrations	Technical Know how	Total
Gross carrying amount as on 1 April 2016	134	2,312	272	2,718
Accumulated amortization as at 1 April 2016	(134)	(1,418)	(27)	(1,579)
<b>Deemed cost as at 1 April 2016</b>	<b>-</b>	<b>894</b>	<b>245</b>	<b>1,139</b>

### Investment property

	Leasehold Land	Building	Plant and machinery	Total
Gross carrying amount as on 1 April 2016	584	1,627	2,333	4,544
Accumulated amortization as at 1 April 2016	(62)	(369)	(1,091)	(1,522)
<b>Deemed cost as at 1 April 2016</b>	<b>522</b>	<b>1,258</b>	<b>1,242</b>	<b>3,022</b>

#### (ii) Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has adopted to avail of the above exemption.

#### (iii) Investments in Subsidiaries and Joint ventures

Ind AS 101 permits a first time adopter to measure its each investment in subsidiaries and joint ventures, at the date of transition, at cost determined in accordance with Ind AS 27 "Separate Financial Statements", or deemed cost. The deemed cost of such investment can be its fair value at date of transition to Ind AS of the Company, or Previous GAAP carrying amount at that date. Paragraph D15 of Ind AS 101 allows the choice between fair value and IGAAP carrying amount for each of its investments in subsidiaries and joint ventures that it elects to measure using deemed cost. The Company has elected to measure its investment in SD Agchem (Europe), subsidiary of the Company, at its fair value on transition date which will be regarded as its deemed cost. The rest of the investments in subsidiaries and joint ventures are carried at their Previous GAAP carrying values as its deemed cost on the transition date.

## B. Mandatory exceptions

#### (i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS (i.e. 1 April 2016) or at the end of the comparative information period presented in the entity's first Ind AS financial statements (i.e. 31 March 2017), shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any difference in accounting policies. An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates the were not required under previous GAAP, those estimates should be made to reflect conditions that exist at the transition date or at the end of the comparative period.

The Company's estimates under Ind AS are consistent with the above requirement. The key estimates considered in preparation of financial statements that was not required under previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortized cost
- Impairment of financial assets based on expected credit loss model

#### (ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly,





the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

(iii) *De-recognition of financial assets and liabilities*

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transaction to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from the date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financials assets and liabilities derecognized as a result of past transaction was obtained at the time of initially accounting for those transactions.

As permitted by Ind AS 101, the Company has adopted to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS)**

Rs. in lacs

		As at date of transition (1 April 2016)			As at 31 March 2017		
	Note	Previous GAAP*	Transition to Ind AS	Ind AS	Previous GAAP*	Transition to Ind AS	Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment		16,407	(3,022)	13,385	16,192	(2,611)	13,581
Capital work-in-progress		232	-	232	496	-	496
Investment Property		-	3,022	3,022	-	2,611	2,611
Other intangible assets		1,139	-	1,139	709	-	709
Intangible assets under development		146	-	146	126	-	126
Financial assets							
- Investments	i (a), (b) and (c)	348	(148)	200	623	(136)	487
- Trade receivables		-	-	-	-	-	-
- Loans	vii	989	(113)	876	312	(113)	199
- Other financial assets		176	-	176	175	-	175
Deferred tax assets (net)	vii	-	1,150	1,150	-	1,070	1,070
Income tax assets (net)		863	(139)	724	884	-	884
Other non-current assets		13	-	13	96	-	96
<b>Total non-current assets</b>		<b>20,313</b>	<b>750</b>	<b>21,063</b>	<b>19,613</b>	<b>821</b>	<b>20,434</b>
<b>Current assets</b>							
Inventories		4,507	-	4,507	5,496	-	5,496
Financial assets							
- Investments	i (a)	3	-	3	3	-	3
- Trade receivables		5,555	-	5,555	4,787	-	4,787
- Cash and cash equivalents		113	-	113	167	-	167
- Other bank balances		74	-	74	62	-	62
- Loans	viii	2,528	157	2,685	2,492	157	2,649
- Other financial assets		761	-	761	775	-	775
Other current assets		2,063	-	2,063	1,319	-	1,319
<b>Total current assets</b>		<b>15,604</b>	<b>157</b>	<b>15,761</b>	<b>15,101</b>	<b>157</b>	<b>15,258</b>
<b>Total Assets</b>		<b>35,917</b>	<b>907</b>	<b>36,824</b>	<b>34,714</b>	<b>978</b>	<b>35,692</b>



		As at date of transition (1 April 2016)			As at 31 March 2017		
	Note	Previous GAAP*	Transition to Ind AS	Ind AS	Previous GAAP*	Transition to Ind AS	Ind AS
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity share capital		1,226	-	1,226	1,226	-	1,226
Other equity	i to iv and vii	4,248	1,910	6,158	4,439	1,522	5,961
<b>Total equity</b>		<b>5,474</b>	<b>1,910</b>	<b>7,384</b>	<b>5,665</b>	<b>1,522</b>	<b>7,187</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial liabilities							
- Borrowings	ii	9,854	(532)	9,322	6,165	(150)	6,015
Provisions		1,562	-	1,562	1,721	-	1,721
Other non-current liabilities	iii	-	25	25	-	6	6
<b>Total non-current liabilities</b>		<b>11,416</b>	<b>(507)</b>	<b>10,909</b>	<b>7,886</b>	<b>(144)</b>	<b>7,742</b>
<b>Current liabilities</b>							
Financial liabilities							
- Borrowings		4,963	-	4,963	4,986	-	4,986
- Trade payables		5,902	-	5,902	8,057	-	8,057
- Other financial liabilities	ii	4,775	(367)	4,408	6,477	(382)	6,095
Other current liabilities	iii and iv	2,909	10	2,919	1,212	(18)	1,194
Provisions		122	-	122	214	-	214
Current tax liabilities (net)		356	(139)	217	217	-	217
<b>Total current liabilities</b>		<b>19,027</b>	<b>(496)</b>	<b>18,531</b>	<b>21,163</b>	<b>(400)</b>	<b>20,763</b>
<b>Total liabilities</b>		<b>30,443</b>	<b>(1,003)</b>	<b>29,440</b>	<b>29,049</b>	<b>(544)</b>	<b>28,505</b>
<b>Total equity and liabilities</b>		<b>35,917</b>	<b>907</b>	<b>36,824</b>	<b>34,714</b>	<b>978</b>	<b>35,692</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note

#### Reconciliation of total comprehensive income for the year ended 31 March 2017

Rs. in lacs

Particulars	Note	As at 31 March 2017		
		Previous GAAP*	Transition to Ind AS	Ind AS
Revenue from operations	v	41,091	1,124	42,215
Other income		3,000	-	3,000
<b>Total income</b>		<b>44,091</b>	<b>1,124</b>	<b>45,215</b>
<b>EXPENSES</b>				
Cost of material consumed		24,321	-	24,321
Excise duty on sales	v	-	1,124	1,124
Purchases of stock-in-trade		242	-	242
Change in inventories of finished goods, work-in progress and stock in trade		(385)	-	(385)
Employee benefits expense	vi	4,836	8	4,844
Finance costs	ii	1,807	367	2,174
Depreciation and amortisation expense		1,431	-	1,431
Other expenses	iv	11,626	(25)	11,601
<b>Total expense</b>		<b>43,878</b>	<b>1,474</b>	<b>45,352</b>
<b>Profit/ (Loss) before tax</b>		<b>213</b>	<b>(350)</b>	<b>(137)</b>



Particulars	Note	As at 31 March 2017		
		Previous GAAP*	Transition to Ind AS	Ind AS
<b>Tax expenses</b>				
Current tax charge		-	-	-
Adjustment of tax relating to earlier periods		-	-	-
Deferred tax	vii	-	73	73
<b>Profit/(loss) for the year</b>		<b>213</b>	<b>(423)</b>	<b>(210)</b>
<b>Other Comprehensive Income/ (expense)</b>				
<i>Items that will not be reclassified to profit or loss</i>				
- Re-measurement gains / (losses) on defined benefit plans		-	8	8
- Net (Loss)/ gain on FVOCI equity Securities		-	12	12
<i>Income tax relating to items that will not be reclassified to profit and loss</i>				
- Re-measurement gains / (losses) on defined benefit plans		-	(3)	(3)
- Net (Loss)/ gain on FVOCI equity Securities		-	(4)	(4)
<b>Other comprehensive income for the year (net of income tax)</b>		<b>-</b>	<b>13</b>	<b>13</b>
<b>Total Comprehensive Income/ (expense) for the year</b>		<b>213</b>	<b>(410)</b>	<b>(197)</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirement for the purpose of this note

#### Adjustments to Cash Flow Statement

Other than effect of certain reclassifications due to difference in presentation, there was no other material effect of cash flow from operating, financing, investing activities for all periods presented.

#### Footnotes to the reconciliation of equity as at 1 April 2016 and 31 March 2017 and profit or loss for the year ended 31 March 2017:

##### i Fair valuation of Financial Investments

- a) Investment in equity (other than subsidiary and JV) (quoted and unquoted): For investments in equity (other than subsidiary and JV), Company has elected to follow fair value through OCI option and accordingly all fair value fluctuation shall be recognized directly in OCI. Accordingly, investments in other equity are carried at fair value with resulting gain of INR 0.09 on 1 April 2016 and loss of INR 0.47 as on 31 March 2017.

Investments in Mutual Fund (quoted): Under Ind AS 109, Mutual funds are classified and measured at fair value through profit and loss (FVTPL). Accordingly, investments in mutual funds are carried at fair value with resulting loss of INR 0.11 on 1 April 2016 and gain of INR 0.20 as on 31 March 2017.

- b) Investment in equity (other than subsidiary and JV) (unquoted): In case of investment in unquoted equity shares fair value cannot be reliably estimated. The Company has currently measured them at net book value as per the latest audited financial statements available. Accordingly, investment in unquoted equity share have resulted in gain of INR 95 on 1 April 2016 and gain of INR 12 for year ended 31 March 2017.

- c) Investment in subsidiary and JV) (unquoted):

Ind AS 101 permits a first time adopter to measure its each investment in subsidiaries and joint ventures, at the date of transition, at cost determined in accordance with Ind AS 27 "Separate Financial Statements", or deemed cost. The deemed cost of such investment can be its fair value at date of transition to Ind AS of the Company, or Previous GAAP carrying amount at that date. Paragraph D15 of Ind AS 101 allows the choice between fair value and IGAAP carrying amount for each of its investments in subsidiaries and joint ventures that it elects to measure using deemed cost. The Company has elected to measure its investment in SD Agchem (Europe), subsidiary of the Company, at its fair value on transition date which will be regarded as its deemed cost. The rest of the investments in subsidiaries and joint ventures are carried at their Previous GAAP carrying values as its deemed cost on the transition date.



The impact arising from the change is as follows:

<b>Statement of Profit and Loss</b>		<b>Increase/ (Decrease) Year ended 31 March 2017</b>
Fair value of investments in equity of others (quoted)		(0.47)
Other income (Fair value of investments in mutual funds)		0.20
Fair value of investments in equity of others (unquoted)		12
<b>Adjustment before income tax - Profit / (Loss)</b>		<b>12</b>
<b>Balance sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Fair value of Investments in other equity	(0.38)	0.09
Fair value of Investments in mutual funds	(0.09)	0.11
Diminution in the value of Investments in subsidiary	(243)	(243)
Upward revision in investments in other equity (unquoted)	107	95
<b>Adjustment to retained earnings</b>	<b>(136)</b>	<b>(148)</b>

**ii Fair valuation of Loans under Corporate Debt restructuring (CDR)**

As per Ind AS 109, a substantial modification of the terms of an existing financial liability shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. Accordingly Company has recognized the borrowings under CDR at fair value on initial recognition and subsequently at amortized cost. Difference between the CDR rate and fair value rate of borrowing of INR 899 is recognized in retained earnings on transition date and subsequent interest as per effective interest rate method as charged to profit and loss for the period ended on 31 March 2017 INR 367.

The impact arising from the change is as follows:

<b>Statement of Profit and Loss</b>		<b>Increase/ (Decrease) Year ended 31 March 2017</b>
Finance cost (unwinding of interest as per effective interest rate method)		(367)
<b>Adjustment before income tax - Profit / (Loss)</b>		<b>(367)</b>
<b>Balance sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Borrowings (non-current)	150	532
Current maturities of long term borrowing (other financials liability)	382	367
<b>Adjustment to retained earnings</b>	<b>532</b>	<b>899</b>

**iii Government grant**

As per Ind AS 20, Grant received will be recognized separately as deferred income and recognized in income statement over the period of useful life of Plant setup for availing grant. Since condition attached to capital subsidy recognized under IGAAP are fulfilled, entire amount capital subsidy of INR 35 is transferred to retained earnings and unamortized UNIDO grant of INR 20 and government grant of INR 15 as of the date of transition to Ind AS is reclassified to liability from other equity.

The impact arising from the change is as follows:

<b>Statement of Profit and Loss</b>		<b>Increase/ (Decrease) Year ended 31 March 2017</b>
Amortization of Capital Grant		22
Reversal of government grant		(22)
<b>Adjustment before income tax - Profit / (Loss)</b>		<b>-</b>



Balance sheet	As at 31 March 2017	As at 1 April 2016
Other non-current liability	(6)	(25)
Other current liability	(7)	(10)
<b>Adjustment to retained earnings</b>	<b>(13)</b>	<b>(35)</b>

#### iv Reversal of rent equalization reserve

Under Ind AS, operating lease is recognized as an expense on a straight-line basis over the lease term except where the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Accordingly, rent equalization reserve of INR 25 on rent is reversed in the previous year.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (Decrease) Year ended 31 March 2017
Rent expense (Reversal of rent equalization reserve)	25
<b>Adjustment before income tax - Profit / (Loss)</b>	<b>25</b>

Balance sheet	As at 31 March 2017	As at 1 April 2016
Other current liability	25	-
<b>Adjustment to retained earnings</b>	<b>25</b>	<b>-</b>

#### v Excise duty on sales

Under previous GAAP, revenue from sale of goods was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (Decrease) Year ended 31 March 2017
Excise duty on sales included in revenue from operations	1,124
Excise duty on sales	(1,124)
<b>Adjustment before income tax - Profit / (Loss)</b>	<b>-</b>

#### vi Employee benefit expense

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets on the net defined benefit obligation are recognized in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, actuarial gain amounting to INR 8.07 has been recognized in other comprehensive income instead of profit or loss. There is no impact on the total equity as at 01 April 2016 and 31 March 2017.

#### vii Deferred Tax

Under Ind AS, deferred tax is calculated using balance sheet approach on various transitional adjustments which lead to temporary differences between the carrying amount of an asset or liability and its tax base. On transition date, Deferred tax asset of INR 1,037 is created due to transition adjustment. Further, following the definition of Deferred tax asset as per Ind AS 12, MAT credit has been reclassified from Loans and advances under IGAAP to Deferred tax assets under Ind AS. During the year ended 31 March 2017, net decrease in deferred tax asset is INR 80.



The impact arising from the change is as follows:

<b>Statement of Profit and Loss</b>		<b>Increase/ (Decrease) Year ended 31 March 2017</b>
Deferred tax charge		80
<b>Adjustment before income tax - Profit / (Loss)</b>		<b>80</b>
<b>Balance sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Loans and advances (MAT Credit Entitlement)	(113)	(113)
Deferred tax asset	1,070	1,150
<b>Adjustment to retained earnings</b>	<b>957</b>	<b>1,037</b>

**viii Total equity reconciliation**

	<b>Notes</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Total equity under previous GAAP		5,665	5,474
Finance cost adjustment on account of Fair valuation of borrowings	ii	532	899
Fair value of investments	i	(136)	(148)
Others	iii, iv	169	122
Tax*	vii	957	1,037
		<b>7,187</b>	<b>7,384</b>

\* Includes tax effect of above mentioned items and adjustment for reassessment of probability of realization of unrecognized deferred tax asset

**Note 39(a): Fair values**

Rs. in lacs

Financial instruments by category and fair values			As at			As at			As at		
			31 March 2018			31 March 2017			1 April 2016		
Note	Level of hierarchy	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	
Financial assets											
Non current											
Investment in subsidiaries and Joint venture (unquoted)	(d)	-	-	-	-	360	-	-	85	-	
Investment in equity shares of others (unquoted)	(e)	3	-	-	139	-	126	-	-	114	
Investment in equity shares of others (quoted)	(e)	1	-	-	1	-	1	-	-	1	
Loans	(b)	-	-	226	-	199	-	-	876	-	
Other financial assets	(b)	-	-	-	-	175	-	-	176	-	
Current											
Investments	(a)	1	3	-	-	3	-	-	3	-	
Trade receivables	(a)	3	-	4,120	-	4,787	-	-	5,555	-	
Cash and cash equivalents	(a)	3	-	375	-	167	-	-	113	-	
Other bank balances	(a)	3	-	165	-	62	-	-	74	-	
Loans	(a)	3	-	2,455	-	2,649	-	-	2,685	-	
Other financial assets	(a)	3	-	1,018	-	775	-	-	761	-	
Total financial assets			3	8,359	140	3	9,174	127	3	10,325	115





Financial instruments by category and fair values	Note	Level of hierarchy	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
<b>Financial liabilities</b>											
<b>Non-current</b>											
Borrowings (including current maturities)	(c)	3	-	6,405	-	-	9,274	-	-	11,106	-
<b>Current</b>											
Borrowings	(c)	3	-	5,281	-	-	4,986	-	-	4,963	-
Trade payables	(a)	3	-	10,590	-	-	8,057	-	-	5,902	-
Other financial liabilities	(a)	3		4,735			6,095			4,408	
<b>Total financial liabilities</b>			-	<b>27,011</b>	-	-	<b>28,412</b>	-	-	<b>26,379</b>	-

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (c) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates. Management have used external valuation report for the fair value rate of borrowings under CDR arrangement. Fair value of non-current financial liabilities has not been disclosed as there is no significant difference between carrying value and fair value.
- (d) As per paragraph D 15 of Ind AS 101, the Company has elected to measure its investment in SD Agchem (Europe) (Subsidiary of the Company), at its fair value on transition date which will be regarded as its deemed cost. The rest of investment in subsidiaries are carried at their previous GAAP value as its deemed cost on transition date.
- (e) For quoted investments, market value is taken as fair value. The fair value in respect of the unquoted equity investments cannot be reliably estimated. The Company has currently measured them at net book value as per the latest audited financial statements available.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets	Amount
<b>As at April 1, 2016</b>	<b>114</b>
Re-measurement recognized in OCI	12
Purchases	-
Sales	-
<b>As at March 31, 2017</b>	<b>126</b>
Re-measurement recognized in OCI	14
Purchases	-
Sales	(1)
<b>As at March 31, 2018</b>	<b>139</b>

## Note 39(b): Financial risk management

### (i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.



The Company has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii)); and
- Market risk (see (iv))

**(ii) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Company's receivable from customers and loans. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

Particulars	Rs. in lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
- Investments	143	490	203
- Trade receivables	4,120	4,787	5,555
- Cash and cash equivalents	375	167	113
- Other bank balances	165	62	74
- Loans	2,681	2,848	3,561
- Other financial assets	1,018	950	937

*Trade receivables*

The Company has established a credit policy under which each new customer is analyzed individually for credit worthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. The Company evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Company secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the company.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross Carrying amount	Loss allowance	Carrying amount
<b>31 March 2018</b>			
Less than 6 Months	3,911	-	3,911
More than 6 Months	1,361	1,152	209
	<b>5,272</b>	<b>1,152</b>	<b>4,120</b>
<b>31 March 2017</b>			
Less than 6 Months	4,588	-	4,588
More than 6 Months	1,380	1,181	199
	<b>5,968</b>	<b>1,181</b>	<b>4,787</b>
<b>1 April 2016</b>			
Less than 6 Months	4,356	-	4,356
More than 6 Months	3,936	2,737	1,199
	<b>8,292</b>	<b>2,737</b>	<b>5,555</b>



The movement in the allowance for impairment in respect of trade receivables is as follows

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	1,181	2,737
Provision made during the year	34	137
Provision transferred on account of regrouping of advances in trade receivables	-	106
Amounts written back	(63)	(1,799)
<b>Balance as at the end of the year</b>	<b>1,152</b>	<b>1,181</b>

The loans primarily represents security deposits, advances recoverable and loans to related parties. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for excepted credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

#### Cash and cash equivalents

The Company holds cash and cash equivalents of INR 375 at 31 March 2018 (31 March 2017: INR 167; 1 April 2016 INR 113). The cash and cash equivalents are held with scheduled banks.

#### (iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet it's liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation. Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Company will continue to consider various borrowings or leasing options to maximize liquidity and supplement cash requirements as necessary.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

#### Contractual cash flow

	Less than 1 year	1 to 5 years	> 5 years	Total
<b>31 March 2018</b>				
Borrowings (including current maturities)	6,867	4,969	-	11,836
Trade and other payables	10,590	-	-	10,590
Other financial liabilities	3,149	-	-	3,149
	<b>20,606</b>	<b>4,969</b>	<b>-</b>	<b>25,575</b>
<b>Year ended 31-Mar-2017</b>				
Borrowings (including current maturities)	8,245	6,547	-	14,792
Trade and other payables	8,057	-	-	8,057
Other financial liabilities	2,836	-	-	2,836
	<b>19,138</b>	<b>6,547</b>	<b>-</b>	<b>25,685</b>
<b>As at 01-April-2016</b>				
Borrowings (including current maturities)	6,747	7,798	2,423	16,968
Trade and other payables	5,902	-	-	5,902
Other financial liabilities	2,624	-	-	2,624
	<b>15,273</b>	<b>7,798</b>	<b>2,423</b>	<b>25,494</b>

**(iv) Market risk****(a) Commodity price risk**

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

**(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings. However Company's borrowings are fixed rate of interest. Hence, the Company is not significantly exposed to interest rate risk.

**Exposure to interest rate risk**

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

	Rs. in lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fixed rate borrowings	11,836	14,792	16,968
	<b>11,836</b>	<b>14,792</b>	<b>16,968</b>

**(b) Foreign currency risk**

The Company is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Company. The currencies in the which the Company is exposed to risk are GBP, USD, EUR. The Company evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

		Rs. in lacs					
Foreign Exchange Exposures outstanding at the year end	Currency	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		Amount in foreign currency	Amount (INR)	Amount in foreign currency	Amount (INR)	Amount in foreign currency	Amount (INR)
Trade receivable /	EUR	689	9	905	13	2,806	37
advances to vendors	USD	2,266	35	2,553	40	3,517	53
Trade payable /	EUR	99	1	84	1	92	1
advances from customers	USD	1,223	19	1,575	24	1,646	25
Advances to/receivable	EUR	2,400	30	2,324	34	2,726	36
from subsidiaries	USD	14	0	14	0	294	4
	GBP	37	0	33	0	39	0
Payable to subsidiaries	EUR	1,366	17	1,156	17	1,268	17
Investments	EUR	5,463	102	5,463	102	3,825	67
(at historical cost)	GBP	2	0	2	0	2	0
			<b>139</b>		<b>147</b>		<b>154</b>



### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2018 and 31 March 2017 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2018</b>				
USD (1% movement)	(21)	21	(14)	14
EURO (1% movement)	(196)	196	(128)	128
GBP (1% movement)	(1)	1	(1)	1
<b>31 March 2017</b>				
USD (1% movement)	(20)	20	(13)	13
EURO (1% movement)	(180)	180	(118)	118
GBP (1% movement)	(1)	1	(0)	0

Rs. in lacs

### Note 40(a): Measurement of fair values of investment property

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fair value of investment property	4,428	4,490	4,651

#### Fair value hierarchy

The fair value of investment property has been determined by external property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

#### Valuation technique

The Company follows discounted cash flows technique. The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacant periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

Investment property comprise of a commercial property that is leased to third party. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

### Note 40(b): Capital management

#### Risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings net of cash and cash equivalents and other bank balances. Equity comprises all components of equity (as shown in the Balance Sheet).

The Company's adjusted net debt to equity ratio was as follows.

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total liabilities	28,598	28,505	29,440
Less: cash and cash equivalents and other bank balances	(540)	(229)	(187)
<b>Adjusted net debt</b>	<b>28,058</b>	<b>28,276</b>	<b>29,253</b>
Total equity	8,213	7,187	7,384
<b>Adjusted net debt to equity ratio</b>	<b>3.42</b>	<b>3.93</b>	<b>3.96</b>



## Note 41: Employee benefits

### I. Assets and liabilities relating to employee benefits

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current			
Liability for gratuity	1,298	1,108	1,056
Liability for leave encashment	667	613	506
	<b>1,965</b>	<b>1,721</b>	<b>1,562</b>
Current			
Liability for gratuity	319	212	120
Liability for leave encashment	2	2	2
	<b>321</b>	<b>214</b>	<b>122</b>
	<b>2,286</b>	<b>1,935</b>	<b>1,684</b>

For details about the related employee benefit expenses, refer to note no. 31.

### II. Defined contribution plan

#### a. Provident Fund

The Company's provident fund scheme and employee's state insurance (ESI) fund scheme are defined contribution plans. The Company has no obligation other than to make the specified contributions.

#### b. Superannuation Fund

Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the statement of profit and loss in the period when the contributions are due. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

### The Company has recognised following amounts as Expense in the Statement of Profit and Loss :

Rs. in lacs

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Included in Contribution to Provident and Other Funds (Refer Note 36)</b>		
Provident Fund	279	265
Superannuation Fund	193	137
	<b>472</b>	<b>402</b>

### III. Defined benefit plan - Gratuity

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Company to following risks:

#### *Interest rate risk:*

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

#### *Salary inflation risk:*

Higher than expected increases in salary will increase the defined benefit obligation.

#### *Demographic risk:*

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.





The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

**a) Funding**

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC.. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks.

The expected contribution to defined benefit plan in 2018-2019 is insignificant.

The following table sets out the status of the defined benefit plan as required under Ind-AS 19 - Employee Benefits:

**b) Reconciliation of present value of defined benefit obligation**

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	1,464	1,273
Acquisition adjustment	-	54
Interest cost	110	106
Current service cost	72	71
Past service cost	111	-
Benefits paid	(81)	(32)
Total Actuarial (Gain)/Loss on obligation	33	(8)
<b>Balance at the end of the year</b>	<b>1,709</b>	<b>1,464</b>

**c) Reconciliation of the present value of plan assets**

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	144	151
Expected Interest Income	11	13
Contributions paid by the employer	6	9
Benefits paid	(66)	(29)
Actuarial gain/(Loss) for the year on Assets	(2)	0.01
<b>Balance at the end of the year</b>	<b>93</b>	<b>144</b>

**d) Expense recognised in profit or loss**

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017
Total service cost	183	71
Interest cost on benefit obligation	99	94
Net benefit expense	282	165

**e) Remeasurements recognised in other comprehensive income**

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017
Actuarial loss/(gain) for the year on Present defined benefit obligation	33	8
Actuarial loss/(gain) for the year on Assets	2	0.01
<b>Total Actuarial gain / (loss) for the year</b>	<b>35</b>	<b>8</b>

**f) Plan assets**

100% of the plan assets are managed by LIC

g) *Actuarial assumptions*

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate (per annum)	7.75%	7.50%	8.00%
Future salary growth rate (per annum)	5%	5.00%	5.00%
Retirement Age	58	58	58
Mortality rate	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)

h) *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(49)	51	(124)	132
Future salary growth rate (0.5% movement)	51	(48)	133	(125)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

i) *Expected benefit payments*

Undiscounted amount of expected benefit payments for next 10 years are as follows:

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017
Within 1 year	318	215
1-2 year	56	31
2-3 year	117	40
3-4 year	71	105
4-5 year	133	101
5-10 years	1,014	972

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.09 years (31 March 2017: 12.61 years).

**Note 42: Commitments and contingencies**

(to the extent not provided for)

i) *Claims against the company not acknowledged as debts*

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Excise duty matters	382	582	589
Income Tax matters	760	814	814
Sales tax matters	11	11	11
Labour laws matters	14	8	7
Civil matters	877	759	660
	<b>2,044</b>	<b>2,174</b>	<b>2,081</b>


**Notes:**

1. The Company is contesting the demands and the management, including its tax advisors, believe that its position will be likely be upheld in appellate process. No tax expense has been accrued in financial statements for the tax demand raised. The management believes that the ultimate outcome of the proceeding will not have a material adverse effect on the company's financial position and results of operations.
2. The Company shall indemnify the damages to the Managing Director/Directors in case their personal guarantees are invoked in respect of loans, backed by their personal guarantees.

**ii) Other Commitments**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	238	103	31
Amount payable under non-cancellable leases	366	470	611

**Note 43: Related party disclosures**
**I. List of related parties and nature of related party relationship, where control exists:**

Description of Relationship	Name of the Party
<b>Subsidiaries (including step down subsidiary)</b>	STS Chemicals (UK) Limited S D Agchem (Europe) NV Sintesis Quimica.S.A.I.C., Argentina (upto 27 September 2017) (Step down subsidiary through S D Agchem (Europe) NV)
<b>Joint venture company</b>	Stellar Marine Paints Limited (upto November 11 2016)

**II. List of related parties and nature of relationship with whom transactions have taken place during the current/ previous year**

Description of Relationship	Name of the Party
Enterprises where control over the composition of Governing Body exists	Hemsil Trading & Manufacturing Private Limited L & L Products Shroff Private Limited
Key Management Personnel	Mr. Shalil Shroff (Managing Director) Mr. Avtar Singh (Whole time Director) Mr. Vipul Joshi (Chief Financial Officer) Mr. Punit K Abrol (Sr. Vice President (Finance) & Company Secretary ) Mr. Jain Prakash (Sr. Vice President (Works)
Non Executive Directors	Mr. Mukesh D Patel Mr. Vijay Dilbagh Rai Smt. Sindhu Seth Mr. Sheo Prasad Singh Capt. S S Chopra (Retd.) Mr. S.S.Tiwari
Relatives of key management personnel	Mrs. Shaila Shroff Mrs. Bhupinder Kaur Mrs. Ravinder Kaur Mr. Jaskaran Singh



Ms. Sonal Tiwari

III. *Transactions with related parties during the current/previous year*

Rs. in lacs

Nature of transactions	Relationship	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>a. Sale of goods</b>			
SD Agchem (Europe) N.V.	Subsidiary	1,100	348
<b>b. Loans given, advances made during the year</b>			
STS Chemicals (UK) Limited	Subsidiary	-	2
Stellar Marine Paints Limited	Joint venture	-	1
<b>c. Loans taken, deposits received, advances received during the year</b>			
Hem-sil Trading and Manufacturing Private Limited	Enterprises where control over the composition of Governing Body exists	88	100
<b>d. Rent/ service charges income/ (expense) during the year</b>			
L & L Products Shroff Private Limited	Enterprises where control over the composition of Governing Body exists	1	10
<b>e. Investment made during the year</b>			
SD Agchem (Europe) N.V.	Subsidiary	-	2,594
L & L Products Shroff Private Limited	Enterprises where control over the composition of Governing Body exists	-	3
<b>f. loans repayment/ interest payment during the year</b>			
Hem-sil Trading and Manufacturing Private Limited	Enterprises where control over the composition of Governing Body exists	17	171
<b>g. Interest expense during the year</b>			
Hem-sil Trading and Manufacturing Private Limited	Enterprises where control over the composition of Governing Body exists	39	41
<b>h. Provision for doubtful debts made during the year</b>			
SD Agchem (Europe) N.V.	Subsidiary	6	-
<b>i. Provision for doubtful debts written back during the year</b>			
SD Agchem (Europe) N.V.	Subsidiary	-	1,573
Sintesis Quimica.S.A.I.C.	Subsidiary	-	4
<b>j. Provision for doubtful advances made/ advances write off during the year</b>			
SD Agchem (Europe) N.V.	Subsidiary	177	-
STS Chemicals (UK) Limited	Subsidiary	4	-
<b>k. Provision for doubtful advances write back during the year</b>			
SD Agchem (Europe) N.V.	Subsidiary	128	579
Sintesis Quimica.S.A.I.C.	Subsidiary	-	0.40
STS Chemicals (UK) Limited	Subsidiary	-	6



Nature of transactions	Relationship	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>I. Employee benefits paid</b>			
<b>Short term employee benefits</b>			
Mr. Shalil Shroff	Key Management Personnel	95	68
Mr. Avtar Singh	Key Management Personnel	93	65
Mr. Vipul Joshi	Key Management Personnel	68	54
Mr. Punit K Abrol	Key Management Personnel	55	42
Mr. Jain Prakash	Key Management Personnel	52	39
<b>Benefits to Relatives</b>			
Ms. Shaila Shroff	Relatives of key management personnel	4	5
Ms. Ravinder Kaur	Relatives of key management personnel	12	9
Mr. Jaskaran Singh	Relatives of key management personnel	8	7
Ms. Bhupinder Kaur	Relatives of key management personnel	1	1
Ms. Sonal Tiwari	Relatives of key management personnel	17	-
<b>Non Executive Directors</b>			
Sitting Fees		10	14
Commission		20*	-
*The Board has recommended and approved a commission of Rs. 20 lacs to the Non Executive Directors for the year 2017-18 to be paid in the current financial year.			
<b>Break-up of Compensation of key management personnel of the Company</b>			
Short-term employee benefits		356	320
Post-employment benefits		43	5
<b>Total</b>		<b>399</b>	<b>324</b>

**IV. Outstanding balances as at year end**

Rs. in lacs

Particulars	Relationship	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Payables				
SD Agchem (Europe) N.V.	Subsidiary	1,366	1,173	1,267
Receivables				
SD Agchem (Europe) N.V.	Subsidiary	312	35	3,042
Sintesis Quimica SAIC	Subsidiary	-	162	167
Advances given				
SD Agchem (Europe) N.V.	Subsidiary	2,400	2,315	2,726
Sintesis Quimica SAIC	Subsidiary	-	14	14
STS Chemicals (UK) Limited	Subsidiary	37	33	39



Particulars	Relationship	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans taken				
Hem-sil Trading and Manufacturing Private Limited	Enterprises where control over the composition of Governing Body exists	385	314	344
Mr. Shalil Shroff	Key Management Personnel	2	2	2
Mr. Avtar Singh	Key Management Personnel	2	2	2
Mr. Punit K Abrol	Key Management Personnel	10	10	2
Mr. Jain Prakash	Key Management Personnel	11	11	-
Commission payable to directors	Non Executive Directors	20	-	-
Salary payable to Executive Directors	Key Management Personnel	67	-	-

#### V. Terms and conditions of transactions with related parties

- a. The transaction with related parties are made on terms equivalent to those that prevail in arm's length transactions and within ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. b. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, borrowing are also secured by personal guarantees of Mr. Shalil Shroff for term loans, working capital demand loan and cash credit facility from banks. The aggregate balance of borrowing from banks in respect of which personal guarantees have been given stands at INR 10,988 (31 March 2017: INR 13,901, 1 April 2016: INR. 15,711)

#### Note 44: Segment Information

The Executive Management Committee monitors the operating results of this segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. For management purpose, the Company has identified "Performance Chemicals" as single operating segment.

#### A] Information about products and services

Rs. in lacs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from Sale of Goods from External customers		
Finished goods	42,090	37,799
Traded goods	274	253
Revenue from rendering of services to External customers	5,133	2,892

#### B] Information about geographical areas

Rs. in lacs

Year ended 31 March 2018	Sale of goods	Rendering of services	Non current assets
India	13,248	5,133	19,439
Outside India			
Europe (including united kingdom)	16,712	-	-
Japan	6,101	-	-
Others	6,303	-	335
Total	42,364	5,133	19,774





Year ended 31 March 2017	Sale of goods	Rendering of services	Non current assets
<b>India</b>	14,281	2,892	19,565
<b>Outside India</b>			
Europe (including united kingdom)	10,341	-	-
Japan	5,302	-	-
Others	8,128	-	869
<b>Total</b>	<b>38,052</b>	<b>2,892</b>	<b>20,434</b>

#### C] Information about major customers

Revenue from 2 customer of the company amounting INR 22,959 and INR 6,079 during the year 2017-18 (2 customers amounting INR 15,179 and INR 5,314 in the previous year 2016-17) constitutes more than 10% of the total revenue of Company.

#### Note 45: Sale of Joint Venture

During the previous year, the Company has sold its 45% ownership interest in Stellar Marine Paints Limited, a jointly controlled entity on 11 November 2016.

#### Note 46: Apporval from Reserve Bank of India (RBI) for conversion of Debtors into Investment

In respect of overdue export receivables from its wholly owned subsidiary i.e. S D Agchem (Europe) NV, the company had received approval on March 31, 2016 from Reserve Bank of India (RBI) under Regulation 11 of Notification No. of FEMA 120/ RB -2004 towards utilisation of said overdue export receivable into further investment. During the current year, the Company has received necessary regulatory and other approvals. Accordingly, the overdue export trade receivable from S D Agchem (Europe) NV of INR 2,594 has been converted into investment in equity share capital of the same Company. This has consequential impact on provisions for diminution in value of investments and trade receivable written back. S D Agchem (Europe) has issued new shares with par value of Euro 615 per share resulting into issue of 5,789 equity shares. and capitalised its overdue Trade Receivable (Export) of INR 2,594 of S D Agchem Europe NV.

#### Note 47: Write-off Investment upto 25%

Based on the Regulation 16A and 17 of Foreign Exchange Management (Transfer or Issue of any foreign securities) Regulation, 2004 and RBI/FED/2015-16 FED Mater Direction No. 15/2015-16 the Company has written off INR Nil (previous year INR 81) upto 25% of investment (net of INR 956 (previous year INR 875) write back of provision created for diminution in the value of Investment).

#### Note 48: Disposal of Sintesis Quimica, S.A.I.C Argentina

During the current year, STS Chemicals ('UK') Limited ('STS') and SD Agchem (Europe) NV, Belgium, (SD Agchem), wholly owned subsidiaries of the Company have on 28 September 2017 sold their entire stake in Sintesis Quimica, S.A.I.C, Argentina, a step down subsidiary of the Company to a unrelated third party after completion of necessary legal formalities in India and Argentina.

#### Note 49:

The specified bank notes (SBN) as defined under the notification issued by the Ministry of Finance, Department of Economic dated 08 November, 2016 are no longer in existence. Hence the Company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2013. The disclosure of SBN made in the financial statements for 31 March 2017 is as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	13	20	33
(+) Permitted receipts	-	38	38
(-) Permitted payments	-	49	49
(-) Amount deposited in Banks	13	-	13
Closing cash in hand as on 30.12.2016	-	9	9


**Note 50: Disclosures pursuant to Section 186 of the Companies Act, 2013:**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Investment</b>			
<b>Investment in joint venture: Stellar Marine Paints Limited</b>			
Balance as at the year end	-	-	2
Maximum amount outstanding at any time during the year			
<b>Investment in equity shares: Dena Bank Limited</b>			
Balance as at the year end	0.32	1	1
Maximum amount outstanding at any time during the year	0.32	1	1
<b>Investment in equity shares: Syndicate Bank Limited</b>			
Balance as at the year end	0.22	0.29	0.29
Maximum amount outstanding at any time during the year	0.22	0.29	0.29
<b>Investment in equity shares: Nimbua Green Field (Punjab) Limited</b>			
Balance as at the year end	129	115	103
Maximum amount outstanding at any time during the year	129	115	103
<b>Investment in equity shares: Mohali Green Field Limited</b>	10	10	10
Balance as at the year end	10	10	10
Maximum amount outstanding at any time during the year			
<b>Investment in equity shares: Alpha Tools Private Limited</b>			
Balance as at the year end	-	1	1
Maximum amount outstanding at any time during the year	-	1	1
<b>Investment in equity shares: Alkapuri Arcade Co-op Society</b>			
Balance as at the year end	-	0.02	0.02
Maximum amount outstanding at any time during the year	-	0.02	0.02
<b>Investment in equity shares: Pragati Sahkari Bank Limited</b>			
Balance as at the year end	-	0.25	0.25
Maximum amount outstanding at any time during the year	-	0.25	0.25
<b>Investment in equity shares: Baroda Dist Industrial Co-op Bank Limited</b>			
Balance as at the year end	-	0.11	0.11
Maximum amount outstanding at any time during the year	-	0.11	0.11

**Note 51: Operating lease disclosure**

The Company has entered into agreements for leasing office premises on lease and license basis. The lease have life of 5 years and no restriction places upon the Company by entering into said lease. The specified disclosure in respect of lease agreements is given below.

	Rs. in lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Charged to statement of profit and loss account	143	141	94
Future minimum rentals payable under non-cancellable operating leases are as under:			
Within one year	164	141	141
After one year but not more than five years	202	329	470
More than five years	-	-	-
	<b>366</b>	<b>470</b>	<b>611</b>

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Pravin Tulsyan

Partner

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

For and on behalf of the Board of Directors of  
Punjab Chemicals and Crop Protection Limited

Mukesh D Patel

Chairman

DIN No.: 00009605

Punit K. Abrol

Sr. V.P. (Finance) &

Company Secretary

Place: Mumbai

Date: 29 May 2018

Shalil Shroff

Managing Director

DIN No.: 00015621

Avtar Singh

Director (Operations & Business Development)

DIN No.: 00063569

Vipul Joshi

Chief Financial Officer



## INDEPENDENT AUDITORS' REPORT

To the Members of **Punjab Chemicals and Crop Protection Limited**

### 1. Report on the Consolidated Ind AS Financial Statements

We were engaged to audit the accompanying Consolidated Ind AS Financial Statements of Punjab Chemicals and Crop Protection Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

### 2. Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding company, as aforesaid.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit in accordance with the Standards on Auditing under Section 143(10) of the Act.

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

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### 4. Basis for Disclaimer of Opinion

We draw attention to note 48 of the Consolidated Ind AS Financial Statements which explains that the Holding company has during the current year sold its entire stake in an overseas step down subsidiary. However, the Holding company does not have the financial information pertaining to the said subsidiary till the date of disposal and is therefore unable to consolidate balances of such subsidiary till date of disposal. Consequently, it is not in a position to comply with the requirements of consolidation in accordance with Indian Accounting Standard 110 "Consolidated Financial Statements".

In addition, as explained in note 38 of the Consolidated Ind AS Financial Statements, the group has transitioned to Ind AS in the current year and has, except for the Ind AS adjustments as may be related to the aforesaid subsidiary, adjusted the comparative financial information for the year ended 31 March 2017 for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us.

Basis above, we were unable to determine whether any adjustments are necessary, in relation to the aforesaid subsidiary in the Consolidated Ind AS Financial Statements for the year ended 31 March 2018, comparative period ended 31 March 2017 and as on the transition date of 1 April 2016.

### 5. Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Consolidated Ind AS Financial Statements.



## 6. Other Matter

- a) The comparative financial information of the Group for the transition date opening Balance Sheet as at 1 April 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 dated 30 May 2016 expressed an unmodified opinion on those consolidated Ind AS financial statements, as adjusted, except for the adjustments as may be related to the subsidiary referred to in paragraph 4 above, for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us.
- b) Further, the comparative financial information of the Group for the year ended 31 March 2017 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report dated 25 May 2017 expressed an adverse opinion on account of consolidation of the aforesaid subsidiary by the management without considering the adjustments towards going concern assumption which was no longer considered to be valid and which led to an overstatement of assets and liabilities by 12,160 lakhs and Rs. 12,236 lakhs, an impact which was considered both material and pervasive to the consolidated Ind AS financial statements for the year ended 31 March 2017.
- c) We did not audit the financial statements/ financial information of two subsidiaries whose financial statements/ financial information reflect total assets of Rs.444 lakhs as at 31 March 2018, total revenues of Rs. 1,614 lakhs and net cash outflows amounting to Rs.17 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

## 7. Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

- a) As described in the Basis for Disclaimer of Opinion paragraph, we were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account as required by law relating to the preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as appears from our examination of those books and the reports of the other auditors;
- c) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of the consolidated Ind AS financial statements;
- d) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;



- e) The matter described in the Basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- f) On the basis of written representations received from the directors of the Holding Company as on 31 March 2018 and taken on record by the Board of Directors of the Holding company, none of the directors of the Group companies is disqualified as on 31 March 2018, from being appointed as a director in terms of Section 164 (2) of the Act;
- g) The reservation relating to the maintenance of accounts and the other matters connected therewith are as stated in the Basis for Disclaimer of Opinion paragraph above;
- h) With respect to the adequacy of the internal financial controls with reference to the consolidated Ind AS financial statements of the Holding Company incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure 'A';
- i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as noted in the 'Other Matter' paragraph:
  - (i) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated Ind AS financial position of the Group. Refer Note 42(i) to the consolidated Ind AS financial statements.
  - (ii) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Group has any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.
  - (iii) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2018.
  - (iv) The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018 of the Holding Company. Corresponding amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

*For B S R & Co. LLP*  
*Chartered Accountants*  
 ICAI Firm Registration No.: 101248W/ W-100022

**Pravin Tulsyan**  
*Partner*  
 Membership No.: 108044

Place: Mumbai  
 Date: 29 May 2018

## **ANNEXURE A REFERRED TO IN PARAGRAPH 7(H) TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY BEING REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We were engaged to audit the internal financial controls with reference to the consolidated Ind AS financial statements of Punjab Chemicals and Crop Protection Limited ('the Holding Company') as of and for the year ended 31 March 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year then ended.

### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance





Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to consolidated Ind AS financial statements based on my/our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system with reference to consolidated Ind AS financial statements of the Company.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

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

### **Disclaimer of Opinion**

According to the information and explanations given to us, the Holding company is unable to obtain the financial information pertaining to the one of the overseas subsidiary disposed during the year and is therefore unable to consolidate balances of such subsidiary till the date of disposal. Consequently, the group is not in a position to comply with the requirements of consolidation in accordance with Indian Accounting Standard 110 “Consolidated Financial Statements” and hence is unable to demonstrate whether it has an established internal financial control with reference to consolidated Ind AS financial statements on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Group had adequate internal financial controls over with reference to consolidated Ind AS financial statements and whether such internal financial controls were operating effectively as at 31 March 2018.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Group, and the disclaimer has affected our opinion on the consolidated Ind AS financial statements of the Group and we have issued a disclaimer of opinion on the consolidated Ind AS financial statements.

*For B S R & Co. LLP*  
*Chartered Accountants*  
ICAI Firm Registration No.: 101248W/ W-100022

**Pravin Tulsyan**  
*Partner*  
Membership No.: 108044

Place: Mumbai  
Date: 29 May 2018



## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

Rs. in lacs

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	14,717	19,101	19,739
Capital work-in-progress	3	244	498	232
Investment property	4	2,442	2,611	3,022
Other intangible assets	5	511	709	1,139
Intangible assets under development	5	172	126	146
<b>Financial assets</b>				
- Investments	6	140	125	115
- Trade receivables	7	-	-	-
- Loans	8	226	199	876
- Other financial assets	9	-	175	176
Deferred tax assets (net)	10	615	1,070	1,150
Income tax assets (net)	11	647	1,173	1,068
Other non-current assets	12	60	96	13
<b>Total non-current assets</b>		<b>19,774</b>	<b>25,883</b>	<b>27,676</b>
<b>Current assets</b>				
Inventories	13	6,700	6,426	5,743
<b>Financial assets</b>				
- Investments	6	3	3	3
- Trade receivables	7	4,226	6,343	7,609
- Cash and cash equivalents	14	407	229	534
- Other bank balances	15	165	62	74
- Loans	8	1,089	2,310	2,337
- Other financial assets	9	1,018	1,089	1,061
Other current assets	16	2,202	1,570	2,269
<b>Total current assets</b>		<b>15,810</b>	<b>18,032</b>	<b>19,630</b>
<b>Total Assets</b>		<b>35,584</b>	<b>43,915</b>	<b>47,306</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	17	1,226	1,226	1,226
Other equity	18	6,191	4,613	7,379
<b>Total equity</b>		<b>7,417</b>	<b>5,839</b>	<b>8,605</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings	19	4,819	6,721	10,101
Provisions	20	1,965	1,721	1,563
Other non-current liabilities	21	22	6	25
<b>Total non-current liabilities</b>		<b>6,806</b>	<b>8,448</b>	<b>11,689</b>



		Rs. in lacs		
	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	19	5,281	4,986	4,963
- Trade payables	22	10,774	11,198	8,280
- Other financial liabilities	23	4,124	10,839	9,499
Other current liabilities	24	729	1,342	3,123
Provisions	20	321	287	273
Current tax liabilities (net)	25	132	976	874
<b>Total current liabilities</b>		<b>21,361</b>	<b>29,628</b>	<b>27,012</b>
<b>Total liabilities</b>		<b>28,167</b>	<b>38,076</b>	<b>38,701</b>
<b>Total equity and liabilities</b>		<b>35,584</b>	<b>43,915</b>	<b>47,306</b>
Significant accounting policies	2			
Notes to the consolidated Ind AS financial statements	3-51			

The accompanying notes form an integral part of the consolidated Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of  
Punjab Chemicals and Crop Protection Limited

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Mukesh D Patel

Chairman

DIN No.: 00009605

Shalil Shroff

Managing Director

DIN No.: 00015621

Avtar Singh

Director (Operations & Business Development)

DIN No.: 00063569

Pravin Tulsyan

Partner

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

Punit K. Abrol

Sr. V.P. (Finance) &  
Company Secretary

Place: Mumbai

Date: 29 May 2018

Vipul Joshi

Chief Financial Officer



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

Rs. in lacs

Particulars	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	26	49,592	53,595
Other income	27	1,100	1,263
<b>Total income</b>		<b>50,692</b>	<b>54,858</b>
<b>EXPENSES</b>			
Cost of material consumed	28	29,593	27,222
Excise duty on sales		267	1,124
Purchases of stock-in-trade	29	156	578
Changes in inventories of finished goods, stock-in- trade and work-in progress	30	(289)	(204)
Employee benefits expense	31	5,428	11,468
Finance costs	32	1,768	3,068
Depreciation and amortisation expense	33	1,394	1,606
Other expenses	34	10,275	11,916
<b>Total expenses</b>		<b>48,592</b>	<b>56,778</b>
<b>Profit/(loss) before tax and exceptional item</b>		<b>2,100</b>	<b>(1,920)</b>
Exceptional Item	35	326	-
<b>Profit/(loss) before tax</b>		<b>2,426</b>	<b>(1,920)</b>
Income tax expense	36		
Current tax		297	-
Adjustment of tax relating to earlier periods		(51)	-
Deferred tax		462	73
<b>Total income tax expense</b>		<b>708</b>	<b>73</b>
<b>Profit/(loss) for the year</b>		<b>1,718</b>	<b>(1,993)</b>
<b>Other comprehensive income/ (expense)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
- Remeasurements of defined benefit liability/ (asset)		(35)	8
- Equity investments through other comprehensive income- net change in fair value		14	12
<i>Income tax relating to items that will not be reclassified to profit or loss</i>			
- Remeasurements of defined benefit liability/ (asset)		12	(3)
- Equity investments through other comprehensive income- net change in fair value		(5)	(4)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
- Exchange difference in translating financial statements of foreign operations		(322)	360
<b>Other comprehensive income/ (expense) for the year (net of income tax)</b>		<b>(336)</b>	<b>373</b>
<b>Total comprehensive income/ (expense) for the year</b>		<b>1,382</b>	<b>(1,620)</b>
<b>Earnings per equity share [nominal value of INR 10 (previous year INR 10)]</b>	37		
Basic (INR)		14.01	(16.25)
Diluted (INR)		14.01	(16.25)
Significant accounting policies	2		
Notes to the consolidated Ind AS financial statements	3-51		

The accompanying notes form an integral part of the consolidated Ind AS financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Pravin Tulsyan

Partner

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

For and on behalf of the Board of Directors of  
Punjab Chemicals and Crop Protection Limited

Mukesh D Patel

Chairman

DIN No.: 00009605

Punit K. Abrol

Sr. V.P. (Finance) &  
Company Secretary

Place: Mumbai

Date: 29 May 2018

Shalil Shroff

Managing Director

DIN No.: 00015621

Avtar Singh

Director (Operations & Business Development)

DIN No.: 00063569

Vipul Joshi

Chief Financial Officer



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

### a. Equity share capital: Rs. in lacs

	Note	
Balance as at 1 April 2016	17	1,226
Changes in equity share capital during the year		-
Balance as at 31 March 2017		1,226
Changes in equity share capital during the year		-
Balance as at 31 March 2018		1,226

### b. Other Equity:

Particulars	Reserves and surplus (Refer note 1)						Other comprehensive income (Refer note 1)		Total
	Capital reserve	Capital redemption reserve	Capital reduction reserve	Securities premium	Amalgamation reserve	Retained earnings	Equity instruments through other comprehensive income	Foreign currency translation reserve	
Balance as at 1 April 2016	745	28	21	5,707	19	859	-	-	7,379
Total comprehensive income for the year ended 31 March 2017									
- Profit/ (loss) for the year	-	-	-	-	-	(1,993)	-	-	(1,993)
- Other comprehensive income/(expense) (net of tax)	-	-	-	-	-	5	8	360	373
Total comprehensive income for the year	-	-	-	-	-	(1,989)	8	360	(1,620)
- Transfers	(182)	-	-	-	-	(964)	-	-	(1,146)
Balance as at 31 March 2017	563	28	21	5,707	19	(2,093)	8	360	4,613
Total comprehensive income for the year ended 31 March 2018									
- Profit/ (loss) for the year	-	-	-	-	-	1,718	-	-	1,718
- Other comprehensive income/ (expense) (net of tax)	-	-	-	-	-	(23)	9	(322)	(336)
Total comprehensive income for the year	-	-	-	-	-	1,695	9	(322)	1,382
- On account of sale of subsidiary (also, refer note 48)	(249)	-	-	-	-	445	-	-	196
Balance as at 31 March 2018	314	28	21	5,707	19	47	17	38	6,191

Note 1 : Refer to note 18 for nature and purpose of other equity

Significant accounting policies 2

Notes to the consolidated Ind AS financial statements 3-51

The accompanying notes form an integral part of the consolidated Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of  
Punjab Chemicals and Crop Protection Limited

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

Mukesh D Patel  
Chairman  
DIN No.: 00009605

Shalil Shroff  
Managing Director  
DIN No.: 00015621

Avtar Singh  
Director (Operations & Business Development)  
DIN No.: 00063569

Pravin Tulsyan

Partner

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

Punit K. Abrol  
Sr. V.P. (Finance) &  
Company Secretary

Place: Mumbai

Date: 29 May 2018

Vipul Joshi

Chief Financial Officer



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Rs. in lacs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A. Cash flow from operating activities</b>		
Profit / (loss) before tax	2,426	(1,920)
<b>Adjustments for:</b>		
Depreciation and amortization expense	1,394	1,606
Write back of borrowings along with accrued interest on one time settlement	(326)	-
Liability no longer required written back	-	(39)
Reversal of impairment loss on doubtful debts and advances	(147)	(254)
Interest income	(192)	(167)
Amortisation of government grants	(2)	(22)
Finance cost	1,768	3,068
Unrealised foreign exchange loss (net)	3	36
Advances written off	67	60
Fixed assets written off	11	409
(Gain)/ loss on sale of plant, property and equipment (net)	(3)	77
Gain on sale of investments	(2)	1
Expected credit loss on trade receivable and advances	66	323
Rental income	(458)	(482)
<b>Operating cash flow before working capital changes</b>	<b>4,605</b>	<b>2,696</b>
<b>Changes in working capital:</b>		
Decrease in trade receivables	564	1,281
(Increase) in inventories	(1,204)	(683)
(Increase) in other current and non-current assets	(953)	(593)
Decrease/ (increase) in current and non-current other financial assets	261	(200)
(Increase)/ decrease in current and non-current loans	(56)	573
Increase in trade payables and other liabilities	3,723	2,123
(Decrease) / increase in other current financial liabilities	(1,022)	918
Increase in long-term and short-term provisions	316	180
<b>Cash generated from operating activities</b>	<b>6,234</b>	<b>6,295</b>
Income tax paid (net)	(94)	(48)
<b>Net cash generated from operating activities (A)</b>	<b>6,140</b>	<b>6,247</b>
<b>B. Cash flow from investing activities</b>		
Acquisition of property, plant and equipment (including capital advances)	(2,014)	(1,524)
Proceeds from sale of property, plant and equipment	23	34
Proceeds from sales of Investment in shares and mutual funds	1	2
Movement in other bank balances	(103)	10
Interest received	177	154
Rental income	458	482
<b>Net cash flows (used in) investing activities (B)</b>	<b>(1,458)</b>	<b>(842)</b>





Rs. in lacs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current borrowings	57	33
Repayments of non-current borrowings	(2,977)	(3,495)
Proceeds/ (repayment) of current borrowings (net)	171	(30)
Finance cost paid	(1,537)	(2,631)
<b>Net cash flows (used in) financing activities (C)</b>	<b>(4,286)</b>	<b>(6,123)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>396</b>	<b>(718)</b>
Effect of exchange gain/(loss) on cash and cash equivalents	(322)	360
<b>Cash and cash equivalents at the beginning of the year (see below)</b>	<b>(4,443)</b>	<b>(4,085)</b>
Less: Opening Cash and cash equivalents of one of the subsidiary not consolidated (also, refer note 48)	(20)	-
<b>Cash and cash equivalents at the end of the year (see below)</b>	<b>(4,389)</b>	<b>(4,443)</b>
<b>Notes :</b>	<b>Year ended 31 March 2018</b>	<b>Year ended 31 March 2017</b>
1. Cash and cash equivalents include :		
Balances with banks		
- In current accounts	102	207
- Deposits with original maturity of less than three months	303	14
Cash on hand	2	8
Cash credit from banks (secured)	(4,665)	(4,669)
Bank overdraft	(131)	(3)
	<b>(4,389)</b>	<b>(4,443)</b>

2. The above cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard - 7 on "Statement on Cash Flows ". Also, refer to note 2(s).

3. Refer note 19 for reconciliation of movements of liabilities to cash flows arising from financing activities.

Significant accounting policies 2

Notes to the consolidated Ind AS financial statements 3-51

The accompanying notes form an integral part of the consolidated Ind AS financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of  
**Punjab Chemicals and Crop Protection Limited**

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No. 101248W/W-100022

**Mukesh D Patel**

*Chairman*

DIN No.: 00009605

**Shalil Shroff**

*Managing Director*

DIN No.: 00015621

**Avtar Singh**

*Director (Operations & Business Development)*

DIN No.: 00063569

**Pravin Tulsyan**

*Partner*

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

**Punit K. Abrol**

*Sr. V.P. (Finance) &  
Company Secretary*

Place: Mumbai

Date: 29 May 2018

**Vipul Joshi**

*Chief Financial Officer*



## NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### Note 1. Corporate Information

Punjab Chemicals and Crop Protection Limited ("the Company" or the "Parent Company") is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on BSE Limited and National Stock Exchange of India Limited. The registered office of the Company is situated at Milestone 18, Ambala Kalka Road, Village & P.O. Bhankharpur, Derabassi, Distt. SAS Nagar, Mohali (Punjab)-140201.

The Group is engaged in business of manufacturing of agro chemicals, speciality chemicals and bulk drugs and its intermediates.

### Note 2. Significant accounting policies

#### (a) Basis of preparation

##### (i) *Statement of compliance*

These Consolidated Ind AS financial statements ("Consolidated Ind AS financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (India Accounting Standards) Amendment Rules, 2016 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Group's consolidated financial statements upto and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2014.

As these are Group's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, which was the previous GAAP. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Group is provided in Note 38.

The Consolidated Ind AS financial statements were authorized for issue by the Company's Board of Directors on 29 May 2018.

##### (ii) *Functional and presentation currency*

The functional currency of the Group is the Indian rupee. These financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

##### (iii) *Basis of measurement*

The consolidated Ind AS financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefits (assets)/liability	Fair value of the plan assets less present value of defined benefits obligations

##### (iv) *Use of estimates and judgments*

The preparation of Consolidated Ind AS financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amounts recognized in the standalone Ind AS financial statements is included in the following notes: Note 2(a)(v) - Fair value measurement

- Note 2(c) and 3 – Assessment of useful life and residual value of Property, plant and equipment
- Note 2(c) and 5 – Assessment of useful life of Intangible assets
- Note 2(m), 2(n), 20 and 42 – Provisions and contingent liabilities
- Note 2(l) and 36 – Income taxes
- Note 41 – Measurement of defined benefit obligations: key actuarial assumptions
- Note 2(f) - Impairment of financial assets
- Note 2(g) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts



- Note 10 - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used. future recoverability been probable;

(v) *Measurement of fair values*

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred. Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

(b) **Principles of consolidation**

The consolidated Ind AS financial statements comprises the financial statement of the Group, and the entities

controlled by the Group including its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The details of the consolidated entities are as follows:

S. No.	Name	Country of Incorporation	Percentage of ownership
1	SD Agchem (Europe) NV	Belgium	100 %
2	STS Chemicals (UK) Limited	United Kingdom	100 %
3	Sintesis Quimica S.A.I.C*	Argentina	0 %
4	Stellar Marine Paints Limited**	India	0 %

\* Sintesis Quimica S.A.I.C. was step down subsidiary of



Punjab Chemicals and Crop Protection Limited through STS Chemicals (UK) Limited and SD Agchem (Europe) NV. During the current year, STS Chemicals Limited (UK) and SD Agchem (Europe) NV, Belgium, wholly owned subsidiaries of the Company have sold their entire stake in Sintesis Quimica, S.A.I.C, Argentina, a step down subsidiary of the Company to a unrelated third party on 28 September 2017 after completion of necessary legal formalities in India and Argentina.

\*\* The Group had 45% ownership interest in Stellar Marine Paints Limited, a jointly controlled entity incorporated in India. During the previous year on November 11, 2016, the Company has sold its ownership interest. Accordingly, the Company has disclosed its proportionate interest as required by Ind AS 28 on "Investments in Associates and Joint Ventures" in the said entity as per the management Balance Sheet as at 11 November 2016 for preparation of the aforesaid consolidated Ind AS financial statements.

#### *Consolidation procedure*

##### *(i) Business Combinations*

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss. Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1st April, 2016. As such, Previous GAAP balances relating to business combinations entered into before

that date, including goodwill, have been carried forward as at the date of transition to Ind AS.

##### *(ii) Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated Ind AS financial statements from the date on which control commences until the date on which control ceases.

##### *(iii) Non-controlling interests (NCI)*

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

##### *(iv) Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

##### *(v) Equity accounted investees*

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially



recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated Ind AS financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

**(vi) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(vii) Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss.

**(viii) Foreign operations**

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into Indian Rupees, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupees at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Such exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange

differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

**(c) Property, plant and equipment (PPE) and intangible assets**

**(i) Property, plant and equipment**

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.



(ii) *Intangible assets*

- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
  - Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.
- Intangible assets that are acquired (including implementation of software system) are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

(iii) *Transition to Ind AS*

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on 1 April 2016.

(iv) *Depreciation and amortization methods, estimated useful lives and residual value*

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the following classes of fixed assets which are depreciated based on the internal technical assessment of the management as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Factory building	5 years to 28 years	30 years
Office building	5 to 50 years	60 years
Plant and equipment	5 years to 20 years	15 years
Electrical Installation	12 years to 20 years	10 years
Vehicles	8 years	8 years
Furniture and fixtures	10 years	10 years

Leasehold land which qualifies as finance lease is amortised over the lease period on straight line basis.

Software systems are being amortised over a period of three years being their useful life. Product registration (including task charges, task force studies and other related expenses) are amortised over a period of ten years and Technical Know How are being amortised over a period of five years.

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date/month of addition/disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(v) *Derecognition*

A property, plant and equipment and intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

(d) *Non-current assets held for sale*

Non-current assets, are classified as held for sale if it is highly probable that they will be recovered primarily





through sale rather than through continuing use. Such assets, are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Statement of Profit and Loss.

Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated.

#### (e) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The Group depreciates investment property using the following useful lives from the date of original purchase.

Investment property	Management estimate of useful life	Useful life as per Schedule II
Building	5 years to 58 years	30 and 60 years
Plant and equipment	5 years to 20 years	15 years

Any gain or loss on disposal of an investment property is recognised in profit or loss.

The fair values of investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

#### (f) Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *Financial assets*

##### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

##### *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

##### *Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

##### *Debt instrument at FVPL*

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Group may



irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### *Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

#### *Impairment of financial assets*

The Group recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- the breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

#### *Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

#### *Presentation of allowance for expected credit losses in the balance sheet*

Loss allowance for financial assets measured at the amortised cost is deducted from the gross carrying amount of the assets.



### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### *Financial liabilities*

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **(g) Impairment of non-financial assets**

The Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Group reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



## (h) Inventories

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value.

The Group uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable. Fixed production overheads are included based on normal capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

## (i) Revenue recognition

### *Sale of goods*

Revenue from sale of products is recognised when the property in the goods, or all significant risks and rewards of ownership of the products have been transferred to the buyer, and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products as well as regarding its collection. Revenues include excise duty till 30 June 2017 (goods and service tax (GST) applicable w.e.f. 1 July 2017) and are shown net of GST, sales tax, value added tax and applicable discounts and allowances, if any.

Revenue includes only those sales for which the Group has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any sales for which the Group has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Goods sold on consignment are recorded as inventory until goods are sold by the consignee to the end customer.

### *Sale of services*

Revenue from services rendered is recognised in statement

of profit or loss based on the terms of agreements as and when the services are rendered and the related costs are incurred..

### *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms except where the rentals are structured to increase in line with expected general inflation.

### *Dividend income*

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

### *Export benefits*

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## (j) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

## (k) Employee benefits

### *Short-term employee benefits*

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

### *Post-employment benefits*

Post employment benefit plans are classified into defined





benefits plans and defined contribution plans as under:

(i) *Gratuity*

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of gratuity is recognised in the books of account based on actuarial valuation by an independent actuary. The gratuity liability for certain employees of the Group is funded with Life Insurance Corporation of India.

(ii) *Superannuation*

Certain employees of the Group are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Group to the plan during the year is charged to Statement of Profit and Loss.

(iii) *Provident fund*

The Group makes contribution towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan.

Group's contribution to the provident fund is charged to Statement of Profit and Loss.

*Other long-term employee benefits:*

*Compensated absences:*

As per the Group's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The Group's liability in respect of other long-term employee benefits is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise

*Termination benefits:*

Termination benefits are recognised as an expense when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

*Actuarial valuation*

The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

(l) *Income tax*

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

- *Current tax*



Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to freehold land and investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax

reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

- *Minimum Alternative tax*

Minimum Alternative tax ('MAT') under the provisions of Income-tax Act, 1961 is recognised as current tax in profit or loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised adjusted from deferred tax liability is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

**(m) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(n) Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.





Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

#### (o) Leases

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. If it is a lease arrangement, it is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

The group as lessee

##### *Finance leases*

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets subject to operating leases are included in Plant, Property and Equipment. Lease income is treated as revenue and the same is credited to the statement of profit and loss on straight line basis. Costs including depreciation are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage etc are recognized immediately in the statement of profit and loss.

#### (p) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

#### (q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (r) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

#### (s) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Statement of Profit and Loss on a straight-line basis over the expected lives of the related assets and presented within other income.

#### (t) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average



number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **(u) Recent accounting pronouncements**

Applicable standards issued but not yet effective

Ind AS 115, Revenue from contracts with customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and does not expect the impact of the adoption of the new standard to be material.

Appendix B, Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company has completed its evaluation and the possible impact of this amendment and does not expect the impact and adoption of this amendment to be material.



### Note 3: Property, plant and equipment and Capital work in progress

#### Gross carrying amount (refer note e)

	Freehold Land	Leasehold Land	Building	Plant and equipment	Electrical installations	Vehicles	Furniture and fixtures	Total	Capital work in progress
<b>Deemed cost</b>									
At 1 April 2016	7,113	3	6,098	5,932	103	192	298	19,739	232
Additions	-	-	5	695	7	460	24	1,191	891
Disposals	-	-	-	36	-	9	-	45	625#
Foreign exchange adjustment	(125)	-	(582)	(60)	-	(3)	(80)	(850)	-
<b>Balance as at 31 March 2017</b>	<b>6,988</b>	<b>3</b>	<b>5,521</b>	<b>6,531</b>	<b>110</b>	<b>640</b>	<b>242</b>	<b>20,035</b>	<b>498</b>
Balance as at 1 April 2017	6,988	3	5,521	6,531	110	640	242	20,035	498
Additions	-	-	40	1,857	24	186	51	2,158	1,296
Disposals	-	-	-	40	-	12	1	53	1,548#
Foreign exchange adjustment	-	-	-	-	-	-	-	-	-
Deletion of net block due to sale of Subsidiary	1,593	-	3,682	66	-	7	172	5,520	2
<b>Balance as at 31 March 2018</b>	<b>5,395</b>	<b>3</b>	<b>1,879</b>	<b>8,282</b>	<b>134</b>	<b>807</b>	<b>120</b>	<b>16,620</b>	<b>244</b>

#### Accumulated depreciation (refer note e)

Balance as at 1 April 2016	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	284	697	19	59	53	1,112	-
Disposals	-	-	-	15	-	1	-	16	-
Foreign exchange adjustment	-	-	(58)	(45)	-	(3)	(56)	(162)	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>226</b>	<b>637</b>	<b>19</b>	<b>55</b>	<b>(3)</b>	<b>934</b>	<b>-</b>
Balance as at 1 April 2017	-	-	226	637	19	55	(3)	934	-
Depreciation for the year	-	-	162	693	20	89	27	991	-
Disposals	-	-	-	14	-	7	1	22	-
Foreign exchange adjustment	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>388</b>	<b>1,316</b>	<b>39</b>	<b>137</b>	<b>23</b>	<b>1,903</b>	<b>-</b>

#### Carrying amounts (net)

As at 1 April 2016	7,113	3	6,098	5,932	103	192	298	19,739	232
As at 31 March 2017	6,988	3	5,295	5,894	91	585	245	19,101	498
As at 31 March 2018	5,395	3	1,491	6,966	95	670	97	14,717	244

#### Note:

- Plant and equipment includes INR 44 (previous year: INR 44) worth of equipment acquired under United Nations Industrial Development Organisation grant scheme.
- Plant and equipment includes INR 55 (previous year: INR Nil) of capitalisation towards research and development.
- Refer note 19 for information on property, plant and equipment pledged as security by the Group.
- Refer note 42 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Refer note 38 for reconciliation of deemed cost as considered by the Group pursuant to transition provision under Ind AS 101.
- The Group has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.



	31 March 2018	31 March 2017	31 March 2016
Salaries, wages and bonus	34	11	43
Raw material consumption	21	106	-
Store consumption	101	209	85
Power and fuel	4	24	12
Finance costs	-	4	5
Others	8	12	-
	<b>168</b>	<b>366</b>	<b>145</b>

# Represents capital work in progress capitalised during the year

#### Note 4: Investment property

##### Gross carrying amount (refer note a)

	Leasehold Land	Building	Plant and equipment	Total
Balance as at 1 April 2016	522	1,258	1,242	3,022
Disposals	-	80	162	242
<b>Balance as at 31 March 2017</b>	<b>522</b>	<b>1,178</b>	<b>1,080</b>	<b>2,780</b>
Balance as at 1 April 2017	522	1,178	1,080	2,780
Disposals	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>522</b>	<b>1,178</b>	<b>1,080</b>	<b>2,780</b>
<b>Accumulated depreciation (refer note a)</b>				
Balance as at 1 April 2016	-	-	-	-
Depreciation for the year	9	14	182	205
Disposals	-	5	31	36
<b>Balance as at 31 March 2017</b>	<b>9</b>	<b>9</b>	<b>151</b>	<b>169</b>
Balance as at 1 April 2017	9	9	151	169
Depreciation for the year	9	16	144	169
Disposals	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>18</b>	<b>25</b>	<b>295</b>	<b>338</b>
<b>Carrying amount (net)</b>				
<b>At 1 April 2016</b>	<b>522</b>	<b>1,258</b>	<b>1,242</b>	<b>3,022</b>
<b>At 31 March 2017</b>	<b>513</b>	<b>1,169</b>	<b>929</b>	<b>2,611</b>
<b>As at 31 March 2018</b>	<b>504</b>	<b>1,153</b>	<b>785</b>	<b>2,442</b>

#### Note

- a) Refer note 38 for a reconciliation of deemed cost as considered by Group pursuant to transition provision under Ind AS 101. Also, refer note 40(a).



## Note 5: Other intangible assets and intangible assets under development

Gross carrying amount (refer note a)

	Computer Software	Product registrations	Technical Know how	Total	Intangible assets under development
Deemed cost	-	894	245	1,139	146
Additions	-	6	42	48	28
Additions - acquired	-	-	-	-	-
Disposals	-	247	-	247	48#
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>653</b>	<b>287</b>	<b>940</b>	<b>126</b>
Balance as at 1 April 2017	-	653	287	940	126
Additions	-	-	17	17	63
Additions - acquired	3	-	16	19	-
Disposals	-	-	-	-	17#
<b>Balance as at 31 March 2018</b>	<b>3</b>	<b>653</b>	<b>320</b>	<b>976</b>	<b>172</b>

Accumulated amortization (refer note a)

Balance as at 1 April 2016	-	-	-	-	-
Amortisation for the year	-	219	59	278	-
Disposals	-	47	-	47	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>172</b>	<b>59</b>	<b>231</b>	<b>-</b>
Balance as at 1 April 2017	-	172	59	231	-
Amortisation for the year	1	168	65	234	-
Disposals	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>1</b>	<b>340</b>	<b>124</b>	<b>465</b>	<b>-</b>

Carrying amounts (net)

At 1 April 2016	-	894	245	1,139	146
At 31 March 2017	-	481	228	709	126
At 31 March 2018	2	313	196	511	172

### Notes

- a. Refer note 38 for reconciliation of deemed cost as considered by the Group pursuant to transition provision under Ind AS 101.  
# Represents intangible assets under development capitalised during the year.

## Note 6: Investments

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A. Non- current investments</b>			
<u>Quoted equity shares</u>			
<i>Equity shares (Fair value through other comprehensive income)</i>			
1,700 (31 March 2017: 1,700; 1 April 2016: 1,700) equity shares of INR 10 each fully paid-up in Dena Bank Limited	0.32	0.65	0.67
400 (31 March 2017: 400; 1 April 2016: 400) equity shares of INR 10 each fully paid-up in Syndicate Bank Limited	0.22	0.29	0.29
	<b>0.54</b>	<b>0.94</b>	<b>0.96</b>
<u>Unquoted equity shares</u>			
<i>Other Companies</i>			
<i>(Fair value through other comprehensive income)</i>			
84,375 (31 March 2017: 84,375 ; 1 April 2016: 84,375) equity shares of INR 10 each fully paid-up in Nimbua Green Field (Punjab) Limited	129	115	103



Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
1,00,000 (31 March 2017: 1,00,000 ; 1 April 2016: 1,00,000) equity shares of INR 10 each fully paid-up in Mohali Green Field Limited	10	10	10
Nil (31 March 2017: 12,500 ; 1 April 2016: 12,500) equity shares of INR 10 each fully paid-up in Alpha Tools Private Limited	-	1	1
Nil (31 March 2017: 30 ; 1 April 2016: 30) equity shares of INR 50 each fully paid-up in Alkapuri Arcade Co-op Society	-	0.02	0.02
Nil (31 March 2017: 2,535 ; 1 April 2016: 2,535) equity shares of INR 10 each fully paid-up in Pragati Sahkari Bank Limited	-	0.25	0.25
Nil (31 March 2017: 1,050 ; 1 April 2016: 1,050) equity shares of INR 10 each fully paid-up in Baroda Dist Industrial Co-op Bank Limited	-	0.11	0.11
<i>Investments measured at fair value through statement of profit and loss</i>			
Nil (31 March 2017: 3,875 ; 1 April 2016: 3,875) 6.75% Tax Free US-64 Bonds of INR 100 each	-	4	4
	<b>139</b>	<b>129</b>	<b>118</b>
<b>Impairment in value of investments</b>			
Unquoted equity shares at FVOCI:			
Nil (31 March 2017: 30 ; 1 April 2016: 30) equity shares of INR 50 each fully paid-up in Alkapuri Arcade Co-op Society	-	0.02	0.02
Nil (31 March 2017: 2,535 ; 1 April 2016: 2,535) equity shares of INR 10 each fully paid-up in Pragati Sahkari Bank Limited	-	0.25	0.25
Nil (31 March 2017: 1,050 ; 1 April 2016: 1,050) equity shares of INR 10 each fully paid-up in Baroda Dist Industrial Co-op Bank Limited	-	0.11	0.11
Investments measured at fair value through statement of profit and loss:			
Nil (31 March 2017: 3,875 ; 1 April 2016: 3,875) 6.75% Tax Free US-64 Bonds of INR 100 each	-	4	4
<b>Total non-current investments</b>	<b>140</b>	<b>125</b>	<b>115</b>
Aggregate book value of quoted investments	1	1	1
Aggregate market value of quoted investments	1	1	1
Aggregate value of unquoted investments	139	129	118
Aggregate amount of impairment in value of non-current investments	-	4	4
<b>B. Current investments</b>			
<b>Quoted</b>			
<i>Investments in mutual funds measured at fair value through statement of profit and loss</i>			
30,000 (31 March 2017: 30,000; 1 April 2016: 30,000) units of INR 10 each in Baroda Pioneer Hybrid Fund.	3	3	3
	<b>3</b>	<b>3</b>	<b>3</b>
Aggregate book value of quoted investments	3	3	3
Aggregate market value of quoted investments	3	3	3
Aggregate value of unquoted investments	-	-	-
Aggregate amount of impairment in value of current investments	-	-	-





## Note 7: Trade receivables

(Unsecured, considered good unless otherwise stated)

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Trade receivables						
- from others						
- Considered good	4,226	-	6,343	-	7,609	-
- Considered doubtful	948	163	1,165	-	1,210	-
Less: expected credit loss on trade receivables	(948)	(163)	(1,165)	-	(1,210)	-
	<b>4,226</b>	<b>-</b>	<b>6,343</b>	<b>-</b>	<b>7,609</b>	<b>-</b>

## Note 8: Loans

(unsecured, considered good unless otherwise stated)

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Security deposit	1,003	226	1,259	199	1,398	876
Advances recoverable from others						
- considered good	86	-	1,051	-	939	-
- considered doubtful	24	14	24	-	24	-
Less: expected credit loss for doubtful advances	(24)	(14)	(24)	-	(24)	-
	<b>1,089</b>	<b>226</b>	<b>2,310</b>	<b>199</b>	<b>2,337</b>	<b>876</b>

## Note 9: Other financial assets

Rs. in lacs

	Note	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		Current	Non-current	Current	Non-current	Current	Non-current
Deposits with original maturity of more than 12 months	(a)	-	-	-	175	-	176
Interest receivable		64	-	49	-	36	-
Export incentive recoverable		485	-	862	-	890	-
Insurance claim receivable		22	-	3	-	1	-
Unbilled job work charges		405	-	86	-	60	-
Other receivable		42	-	89	-	74	-
		<b>1,018</b>	<b>-</b>	<b>1,089</b>	<b>175</b>	<b>1,061</b>	<b>176</b>

(a) Includes restricted deposits of INR Nil (31 March 2017: INR 175; 1 April 2106 :INR 175) as deposits pledged as for margin for bank guarantees.



## Note 10: Deferred tax asset (net)

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<i>Deferred tax assets on account of:</i>			
- Expenses allowable on payment basis	1,270	1,390	1,456
- Expected credit loss allowance	882	853	741
- Tax losses and unabsorbed depreciation carried forward	-	439	1,289
- Expenses allowed on deferred basis under income tax	83	120	158
- Minimum alternate tax credit entitlement	147	113	113
<i>Deferred tax liabilities on account of:</i>			
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	1,715	1,661	2,296
- Impact of fair value of Corporate Debt Restructuring loan	52	184	311
<b>Deferred tax asset (net)</b>	<b>615</b>	<b>1,070</b>	<b>1,150</b>

	As at 1 April 2016	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2017
<b>2016-2017</b>				
<i>Deferred tax assets on account of:</i>				
- Expenses allowable on payment basis	1,456	(59)	(7)	1,390
- Expected credit loss allowance	741	112	-	853
- Tax losses and unabsorbed depreciation carried forward	1,289	(850)	-	439
- Expenses allowed on deferred basis under income tax	158	(38)	-	120
- Minimum alternate tax credit entitlement	113	-	-	113
<i>Deferred tax liabilities on account of:</i>				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	2,296	(636)	-	1,661
- Impact of fair value of Corporate Debt Restructuring loan	311	(127)	-	184
<b>Deferred tax asset (net)</b>	<b>1,150</b>	<b>(73)</b>	<b>(7)</b>	<b>1,070</b>

	As at 1 April 2017	Recognized in profit or loss	Recognized in other comprehensive income	As at 31 March 2018
<b>2017-2018</b>				
<i>Deferred tax assets on account of:</i>				
- Expenses allowable on payment basis	1,390	(127)	7	1,270
- Expected credit loss allowance	853	29	-	882
- Tax losses and unabsorbed depreciation carried forward	439	(439)	-	-
- Expenses allowed on deferred basis under income tax	120	(37)	-	83
- Minimum alternate tax credit entitlement	113	34	-	147
<i>Deferred tax liabilities on account of:</i>				
- Excess depreciation as per Income tax Act, 1961 over depreciation as per books	1,661	54	-	1,715
- Impact of fair value of Corporate Debt Restructuring loan	184	(132)	-	52
<b>Deferred tax asset (net)</b>	<b>1,070</b>	<b>(462)</b>	<b>7</b>	<b>615</b>

Deferred tax assets have not been recognised in respect of subsidiaries, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.



### Note 11: Income tax assets (net)

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income-tax and tax deducted at source	647	1,173	1,068
	<b>647</b>	<b>1,173</b>	<b>1,068</b>

### Note 12: Other non-current assets

(Unsecured, considered good unless otherwise stated)

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital advances			
- to others	60	96	13
	<b>60</b>	<b>96</b>	<b>13</b>

### Note 13: Inventories

(At lower of cost and net realisable value, whichever is lower)

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials #	2,803	2,084	1,379
Work-in-progress	986	977	710
Finished goods	2,620	3,046	3,191
Packing material	98	175	197
Stores and spares	193	144	266
	<b>6,700</b>	<b>6,426</b>	<b>5,743</b>
Notes			
# Material in transit- raw material	261	1	3

Amount of write down of inventories to net realisable value (NRV) and other provisions/ loss recognised in the Statement of Profit and Loss as an expenses INR Nil (31 March 2017 INR 162 ; 1 April 2016 : Nil). The reversal of write-downs during the year amounted to INR 27 (31 March 2017: INR 98; 1April 2016: Nil). The write downs and reversal are included in the cost of material consumed or changes in inventories of finished goods, work-in progress and stock-in- trade.

### Note 14: Cash and cash equivalents

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks			
- Current accounts	102	207	526
- Fixed deposits with original maturity upto three months	303	14	-
Cash on hand	2	8	8
	<b>407</b>	<b>229</b>	<b>534</b>

### Note 15: Other bank balances

Rs. in lacs

Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposit accounts with original maturity more than 3 months and upto 12 months from the reporting date	(a) 165	62	72
Balances with banks - unclaimed dividend accounts	-	-	2
	<b>165</b>	<b>62</b>	<b>74</b>

#### Note:

(a) These deposits include restricted bank deposits INR 165 (31 March 2017: INR 9; 1April 2016: 17) pledged as margin money.

**Note 16: Other current assets***(Unsecured, considered good unless otherwise stated)*

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Recoverable from/ balances with government authorities			
- considered good	2,041	1,260	855
- considered doubtful	194	186	-
Less : expected credit loss for balance recoverable from government authorities	(194)	(186)	-
Advances for supply of goods	39	183	112
Asset held for sale {refer note (a) and note (b) below}	28	28	1,232
Prepaid expenses	78	89	51
Others	16	10	19
	<b>2,202</b>	<b>1,570</b>	<b>2,269</b>

**Notes**

- (a) During the year ended 31 March 2016, the Group had decided to sell off one of its office premises for INR 1,200 lakhs having a net book value of INR 1,267 lakhs. The Group had recognised a loss of INR 67 lakhs in the year ended 31 March 2016 and the asset was shown under Other current assets as Assets held-for-sale. In the ended 31 March 2017, the Group had entered into Sale agreement of the office premise for a consideration of INR 1,115 lakhs. Accordingly, the Group has recognised additional loss of INR 85 lakhs in the Statement of Profit and Loss for year ended 31 March 2017.
- (b) During the financial year 2015-16, the Group had carried out physical verification and technical evaluation for usability of property, plant and equipment and intangible assets at Tarapur unit. On such evaluation the management had identified property, plant and equipment and intangible assets aggregating to INR 1,163 lakhs of no use by the Group. Accordingly, the management had decided to discarded / scrapped the assets. The Group had recognised the losses of INR 1,131 lakhs in the Statement of Profit and Loss and INR 32 lakhs categorised as Assets held for Sale from Property, Plant and Equipment as at 31 March 2016. During the year 31 March 2017, Assets held for Sale has been reduced to INR 28 lakhs on account of assets sold worth INR 4 lakhs.

**Note 17: Equity Share capital***(i) Details of share capital*

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<i>Authorised</i>						
Equity shares of INR 10 each.	19,800,000	1,980	19,800,000	1,980	19,800,000	1,980
	<b>19,800,000</b>	<b>1,980</b>	<b>19,800,000</b>	<b>1,980</b>	<b>19,800,000</b>	<b>1,980</b>
<i>Issued, subscribed and fully paid up</i>						
Equity shares of INR 10 each fully paid up	12,262,185	1,226	12,262,185	1,226	12,262,185	1,226
	<b>12,262,185</b>	<b>1,226</b>	<b>12,262,185</b>	<b>1,226</b>	<b>12,262,185</b>	<b>1,226</b>

*(ii) Reconciliation of number of shares outstanding at the beginning and end of the reporting year*

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
Particulars	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at the beginning and at the end of the year	12,262,185	1,226	12,262,185	1,226	12,262,185	1,226

**(iii) Rights, preference and restriction attached to shares**

The Group has only one class of equity shares having a par value of INR 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Group's residual assets on winding up. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting. In the event of liquidation of the group, the holders of equity shares will be entitled to receive the remaining assets of the group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iv) Details of shareholders holding more than 5% shares in the group**

Rs. in lacs

Name of shareholder	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares of INR10 each fully paid</b>						
Hem-sil Trading and Manufacturing Private Limited	4,017,318	33%	4,017,318	33%	4,017,318	33%
Gowal Consulting Services Private Limited	3,000,000	24%	3,000,000	24%	3,000,000	24%

**(v) Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2018**

During the five years immediately preceding 31 March 2018, neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash except for 69,293 equity shares allotted as fully paid up pursuant to scheme of amalgamation in year ended 31 March 2012.

**Note 18: Other equity****i) Capital reserve**

Capital reserve represents the forfeited share application money of INR 185 received for preferential convertible warrants in 2008-2009 and INR 124 received for equity convertible warrant in 2009-2010.

**ii) Capital redemption reserve**

Capital redemption reserve is carried forward in the consolidated balance sheet of the Group post merger of Parul Chemical Limited into the Group during the year 2010-2011.

**iii) Capital reduction reserve**

Capital reduction reserve is carried forward in the consolidated balance sheet of the Group post merger of Parul Chemical Limited into the Group during the year 2010-2011.

**iv) Securities premium**

Securities premium represents the excess consideration received by the Group over the face value of the shares issued to shareholders. This will be utilized in accordance with the applicable provisions of the Companies Act, 2013.

**v) Amalgamation reserve**

Amalgamation reserve is carried forward in the consolidated balance sheet of the Group post merger of Parul Chemical Limited into the Group during the year 2010-2011.

**vi) Foreign currency translation reserve**

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the Group dispose or partially dispose off its interest in a foreign operation through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity.

**vii) Retained earnings**

Retained earnings represents the profits that the Group has earned till date less any transfer to general reserve, less any dividends, or other distributions paid to shareholders.

**viii) Equity instruments through Other Comprehensive Income**

The Group has elected to recognise changes in the fair value of certain investments in equity securities of other comprehensive income. These changes are accumulated within the equity instrument through OCI within equity. The Group transfers amounts there from to retained earning when the relevant equity securities are derecognised.



## Note 19: Borrowings

Rs. in lacs

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>I. Non-current borrowings</b>				
<b>Secured</b>				
<b>From Banks</b>				
Term Loan	(a)[(i - v)], (f)(i)	6,272	10,052	13,051
Working capital demand loan	(a)(vi), (f)(ii)	51	51	177
Vehicle finance scheme	(b)	10	16	-
<b>From Others</b>				
Housing finance scheme	(c)	10	11	14
Vehicle finance scheme	(d), (e)	62	15	-
Total non current borrowings (including current maturities)		<b>6,405</b>	<b>10,145</b>	<b>13,242</b>
Less : Current maturities of non-current borrowings (refer note no. 23)*		<b>1,586</b>	<b>3,424</b>	<b>3,141</b>
		<b>4,819</b>	<b>6,721</b>	<b>10,101</b>

\* Current and non-current classification of borrowings is based on contractual maturities.

- a. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, SBICAP Trustee Company Limited was appointed as the Security Trustee for the benefit of the Lenders of the Group and acting as an agent for SBI Antwerp, Belgium for the loan taken by one of the subsidiary of the Group. In pursuance of master restructuring agreement signed as per CDR scheme and the SBI Antwerp document, the term loan amounting to INR 6,272 (31 March 2017: INR 9,187 ; 1 April 2016: INR 10,917) and working capital demand loan amounting to INR 51 (31 March 2017: INR 51 ; 1 April 2016: INR 177) is secured by way of first pari passu charge on movable assets including current assets and immovable assets of Derabassi and Lalru unit, pledge of unencumbered shares of one of the promoter and the personal guarantee of promoter of the Group. These comprise:
  - i. Term loans amounting to INR 3,070 (31 March 2017: INR 4,970 ; 1 April 2016: INR 6,020) is carrying interest rate of 10.75% p.a. (31 March 2017: 10.75% ; 1 April 2016: 10.75%). Principal amount of INR 191 (31 March 2017: INR 347 ; 1 April 2016: INR 269) is overdue for a period of 1 day (31 March 2017: 1-91 days; 1 April 2016 1 day) as on the reporting date.
  - ii. Working capital term loans amounting to INR 1,633 (31 March 2017: INR 2,005 ; 1 April 2016: INR 2,352) is carrying interest rate of 8% p.a. (31 March 2017: 8% p.a ; 1 April 2016: 8%). Principal amount of INR 43 (31 March 2017: INR 38 ; 1 April 2016: INR 14) is overdue for a period of 1 day (31 March 2017: 1 day; 1 April 2016 1 day) as on the reporting date.
  - iii. Funded interest term loan amounting to INR 1,569 (31 March 2017: INR 2,206; 1 April 2016: INR 2,543) is carrying interest rate of 8% p.a. (31 March 2017: 8% p.a. ; 1 April 2016 : 8% p.a.). Principal amount of INR 54 (31 March 2017: 87 ; 1 April 2016: 54) is overdue for a period of 91 days (31 March 2017: 1 day; 1 April 2016: 1 day) as on the reporting date.
  - iv. Term loan taken from Banco Nacion de la Argentina (Argentina National Bank) amounting to INR Nil (31 March 2017: INR 871 ; 1 April 2016: INR 910) is secured by mortgage of the company's real estate property located in Dr. Bernard Houssay 2502 in the city of Florencio Varela in the province of Buneous Aires. The interest rate was 27% per annum and was repayable in 40 installments.
  - v. State Bank of India, Antwerp vide letter no. CRE/2016-17/072 dated April 21, 2016, had approved the compromise settlement of the existing borrowings in S D Agchem(Europe) NV. As per the compromise settlement, the subsidiary company paid INR 1,226 by December 8, 2016, against total outstanding dues of INR 1,801.
  - vi. Working capital demand loans amounting to INR 51 (31 March 2017: INR 51 ; 1 April 2016: INR 177) is carrying interest rate of 10.75% p.a. (31 March 2017: 10.75% ; 1 April 2016: 10.75% p.a.). Principal amount INR 51 (31 March 2017: INR 51 ; 1 April 2016 : INR 177) is overdue for 2009 days (31 March 2017: 1644 days ; 1 April 2016: 1279 days) as on the reporting date. (Refer note 19(I)(ii) for further details)
- b. Loan from Axis Bank Limited under vehicle finance scheme amounting to INR 10 (31 March 2017: 16 ; 1 April 2016: Nil) is secured by exclusive charge by way of hypothecation of vehicles purchased under said Scheme and carrying interest rate of 9.41% and is repayable in 20 EMIs.





- c. Loan from Housing Development Finance Corporation Limited for INR 10 (31 March 2017: INR 11 ; 1 April 2016: INR 14) is secured by equitable mortgage by way of the deposit of the title deeds of the properties of respective employees who have availed the loan under said Schemes and is carrying interest rate of 11% p.a. (31 March 2017: 12%-16% p.a.; 1 April 2016: 12%-16%) and is repayable in 24 EMIs.
- d. Loan from Kotak Mahindra Prime Limited under vehicle finance scheme amounting to INR 4 (31 March 2017: 7 ; 1 April 2016: Nil) is secured by exclusive charge by way of hypothecation of vehicles purchased under said Scheme and carrying interest rate of 9.4% and is repayable in 20 EMIs.
- e. Loan from Mahindra & Mahindra Finance Services Limited under vehicle finance scheme amounting to INR 58 (31 March 2017: 8 ; 1 April 2016: Nil) is secured by exclusive charge by way of hypothecation of vehicles purchased under said Scheme and carrying interest rate of 11.02% and is repayable in 24-32 EMIs.
- f. One time settlement
  - i. One Time Settlement (OTS) with Central Bank of India  
During the year, the Group has paid balance amount of INR 1,208 towards One Time Settlement (OTS) from Central bank of India and obtained No Dues Certificate. Accordingly, net write back of INR 326 has been recognized and disclosed as exceptional items in Statement of Profit and Loss.
  - ii. Corporate Debt Restructuring  
In the earlier periods, the Group had obtained an approval for Debt Restructuring (referred to as 'CDR') from the Corporate Debt Restructuring Empowered Group ('CDR EG'). As per the CDR Scheme, the Group was liable to pay working capital demand loan amounting to INR 5,000 till September 2012, out of which the Group has repaid INR 4,949 (31 March 2017: INR 4,949 ; 1 April 2016: INR 4,823) as of 31 March 2018. The balance amount of INR 51 represents excess interest charged by one of the member of the CDR Scheme which will be adjusted/refunded.

## II. Current borrowings

Rs. in lacs

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash credit from banks (secured)	(g), (h)	4,665	4,669	4,619
Inter-corporate deposits repayable on demand (unsecured)	(i)			
- from related party		385	314	344
- from others		100	-	-
Book overdraft		131	3	-
		<b>5,281</b>	<b>4,986</b>	<b>4,963</b>
		<b>10,100</b>	<b>11,707</b>	<b>15,064</b>

### Notes

- g. In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, SBICAP Trustee Company Limited was appointed as the Security Trustee for the benefit of the Lenders of the Group and acting as an agent for SBI Antwerp, Belgium for the loan taken by one of the subsidiary of the Group. In pursuance of master restructuring agreement signed as per CDR scheme and the SBI Antwerp document, the cash credit amounting to INR 4,665 (31 March 2017: INR 4,669 ; 1 April 2016: INR 4,619) is secured by way of first pari passu charge on movable assets including current assets and immovable assets of Derabassi and Lalru unit, pledge of unencumbered shares of one of the promoter and the personal guarantee of promoter of the Group.
- h. Cash Credit amounting to INR 4,665 (31 March 2017: INR 4,669 ; 1 April 2016: INR 4,619) is carrying interest rate of 10.75% p.a. (31 March 2017: 10.75% p.a.; 1 April 2016: 10.75% p.a.).
- i. Inter-corporate deposits amounting to INR 485 (31 March 2017: INR 314 ; 1 April 2016: INR 344) is carrying interest rate of 11% to 12.75% p.a (31 March 2017: 12.75% p.a; 1 April 2016: 12.75% p.a.).



### III. Reconciliation of movements of liabilities to cash flows arising from financing activities

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017
Borrowings at the beginning of the year (current and non current) including short term	15,133	18,205
Borrowings of subsidiary excluded on sale of subsidiary during the year	(877)	-
Proceeds from non-current borrowings	57	33
Repayments of non-current borrowings	(2,977)	(3,495)
Proceeds of current borrowings (net)	295	23
Write back of borrowings along with accrued interest on one time settlement	(326)	-
Unwinding of fair value of CDR loan	382	367
<b>Borrowings at the end of the year (current and non current)</b>	<b>11,687</b>	<b>15,133</b>

### Note 20: Provisions

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
<i>Provision for employee benefits (refer note 41)</i>						
Liability for Gratuity	319	1,298	212	1,108	120	1,056
Liability for compensated absences	2	667	75	613	153	507
	<b>321</b>	<b>1,965</b>	<b>287</b>	<b>1,721</b>	<b>273</b>	<b>1,563</b>

### Note 21: Other non-current liabilities

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred government grant	8	6	25
Deferred revenue	14	-	-
	<b>22</b>	<b>6</b>	<b>25</b>

### Note 22: Trade payables

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Other trade payables	10,774	11,198	8,280
	<b>10,774</b>	<b>11,198</b>	<b>8,280</b>

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Group as under :

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) The principal amount remaining unpaid to any supplier at the end of the year	-	-	-
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of year	-	-	-
(c) The amount of interest paid by the Group in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ( "MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year	-	-	-



Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-	-
(f) The amount of interest accrued and remaining unpaid at the end of year	-	-	-
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act	-	-	-

**Note 23: Other financial liabilities**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of non current borrowings (refer note 19)	1,586	3,424	3,141
Interest accrued but not due on borrowings	66	217	147
Employee related liabilities	468	2,947	2,907
Interest bearing security deposits from customers	70	71	62
Security deposit from employees	228	239	226
Unclaimed dividend	-	-	2
Payable to promoters towards one time settlement	358	358	358
Capital creditors	190	254	210
Others	1,158	3,329	2,446
	<b>4,124</b>	<b>10,839</b>	<b>9,499</b>

**Note 24: Other current liabilities**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance for sale of Property, plant and equipment*	45	45	1,025
Advance from customers	459	1,058	1,845
Deferred revenue	56	-	-
Deferred government grant	2	7	10
Statutory dues	167	232	243
	<b>729</b>	<b>1,342</b>	<b>3,123</b>

\*During the earlier years the Group had decided to sell off of its Pune unit against which the Group had received an advance of INR 45.

**Note 25: Current tax liabilities (net)**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for income tax	132	976	874
	<b>132</b>	<b>976</b>	<b>874</b>

**Note 26: Revenue from operations**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (including excise duty to the extent applicable)		
Finished goods	40,990	48,649
Traded goods	1,889	783
Sale of services	5,133	2,892
Other operating revenues:		
Scrap sales	112	85
Export incentive	1,417	1,186
Others	51	-
	<b>49,592</b>	<b>53,595</b>

**Note 27: Other income**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income		
- on fixed deposits	25	20
- others	167	147
Reversal of impairment loss on doubtful debts and advances	147	254
Liability no longer required written back	-	39
Rental income	458	482
Amortisation of government grant	2	22
Exchange gain on foreign exchange fluctuation (net)	281	287
Gain on sale of investments	2	-
Gain on sale of property, plant and equipment (net)	3	-
Others	15	12
	<b>1,100</b>	<b>1,263</b>

**Note 28: Cost of materials consumed**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Inventory of raw material at the beginning of the year	2,084	1,379
Less: Stock adjustment on sale of subsidiary (refer note 48)	228	-
	1,856	1,379
Add: Purchases of raw materials	30,540	27,957
Less: Inventory of raw material at the end of the year	(2,803)	(2,084)
Foreign exchange movement	-	(30)
	<b>29,593</b>	<b>27,222</b>

**Note 29: Purchases of stock-in-trade**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Chemicals	156	578
	<b>156</b>	<b>578</b>


**Note 30: Changes in inventories of finished goods, stock-in-trade and work-in-progress**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock		
Work-in-progress	977	710
Finished goods	3,046	3,191
Less:	4,023	3,901
Stock adjustment on sale of subsidiary (refer note 48)	598	-
	3,425	3,901
Less:		
Closing stock		
Work-in-progress	986	977
Finished goods	2,620	3,046
	3,606	4,023
(Increase)/decrease in excise duty on closing stock of finished goods	(108)	11
Foreign exchange movement	-	(93)
	(289)	(204)

**Note 31: Employee benefits expense**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	4,487	10,325
Contribution to provident and other funds	501	417
Staff welfare expenses	440	726
	5,428	11,468

**Note 32: Finance costs**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on financial liabilities measured at amortised cost	1,652	1,961
Other borrowing cost	116	1,107
	1,768	3,068

**Note 33: Depreciation and amortization expense**

Rs. in lacs

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipments	3	991	1,087
Depreciation of investment property	4	169	241
Amortization of intangible assets	5	234	278
		1,394	1,606

**Note 34: Other expense**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Stores and spares consumed	299	431
Power and fuel	4,200	3,714
Repairs and maintenance	987	1,057
Sub-contracting charges	478	366
Rent	149	237
Rates and taxes	143	630
Insurance charges	92	118
Traveling and conveyance	542	626
Commission on sales	127	263
Packing expenses	576	536
Freight and handling expenses	902	746
Job work expenses	74	37
Director's sitting fees	10	14
Charity and donations (other than political parties)	2	3
CSR expenditure (refer note B below)	42	42
Payment to the auditor (refer note A below)	23	32
Advances written off	67	60
Property, plant and equipment written off	11	409
Loss on sale of plant, property and equipment (net)	-	77
Expected credit loss on trade receivables and advances	66	137
Loss on sale of investments	210	2
Investment written off	-	1
Marketing and promotional expenses	31	46
Exchange loss on foreign exchange fluctuations	29	37
Miscellaneous expenses	1,215	2,295
	<b>10,275</b>	<b>11,916</b>

**Note 35: Exceptional item**

Rs. in lacs

	Year ended 31 March 2018	Year ended 31 March 2017
Write back of borrowing alongwith accrued interest on one time settlement (Refer note no. 19 (f)(i) for details)	326	-
	<b>326</b>	<b>-</b>

**Note 36: Tax expense**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017
<i>a) Income tax recognised in statement of profit and loss</i>		
Current tax	297	-
Adjustments in respect of current tax of previous year	(51)	-
Deferred tax:		
Attributable to:		
MAT Credit	-	-
Origination and reversal of temporary differences	462	73
<b>Total tax expense recognised in the current year</b>	<b>708</b>	<b>73</b>





	Rs. in lacs	
	As at 31 March 2018	As at 31 March 2017
<i>b) Reconciliation of effective tax rate</i>		
<b>Accounting profit before income tax</b>	<b>2,426</b>	<b>(1,920)</b>
At India's statutory tax rate of 34.94% (31 March 2017: 34.61%)	848	(664)
Effect of expense that are non-deductible expenses in determining taxable profits	38	123
Share of profit/ (loss) due to subsidiaries	(111)	643
Effect of increase in tax rate	(9)	-
Effect of change in estimate related to previous year	(51)	-
Others	(7)	(29)
<b>At the effective income tax rate of 34.94% (31 March 2017: 34.61%)</b>	<b>708</b>	<b>73</b>
<i>c) Income tax expense recognised in other comprehensive income</i>		
Deferred tax assets/(liabilities)		
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	12	(3)
- Equity investments through other comprehensive income- net change in fair value	(5)	(4)
<b>Total income tax recognised in other comprehensive income</b>	<b>7</b>	<b>(7)</b>
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	7	(7)
Items that may be reclassified to profit or loss	-	-
	<b>7</b>	<b>(7)</b>

### Note 37: Earnings per share

	Rs. in lacs	
	Year ended 31 March 2018	Year ended 31 March 2017
Profit/ (loss) after tax for basic and diluted EPS per share	1,718	(1,993)
Weighted average number of equity shares	12,262,185	12,262,185
Basic and diluted earnings per share (Face value of INR 10 each)	<b>14.01</b>	<b>(16.25)</b>

### Note 38: First-time adoption of Ind AS

As stated in note 2 (a)(i), these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For all periods upto and for the year ended 31 March 2017, the Group had prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2014 notified under section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these consolidated Ind AS financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening consolidated Ind AS balance sheet on the date of transition i.e. 01 April 2016.

In preparing its consolidated Ind AS balance sheet as at 01 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its consolidated financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has impacted the Group's financial position, financial performance and cash flows.

#### A. Optional exemptions available

##### (i) Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per



the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has adopted to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value. Information relating to gross carrying amount of assets and accumulated depreciation as on the transition date as per previous GAAP is as follows:

#### Property, plant and equipment

	Freehold Land	Leasehold Land	Building	Plant and equipments	Electrical installations	Vehicles	Furniture & Fixtures	Total
Gross carrying amount as on 1 April 2016	6,682	3	8,243	15,970	404	681	1,229	33,212
Accumulated Depreciation as on 1 April 2016	-	-	(2,145)	(10,038)	(301)	(489)	(931)	(13,904)
<b>Deemed cost as at 1 April 2016</b>	<b>6,682</b>	<b>3</b>	<b>6,098</b>	<b>5,932</b>	<b>103</b>	<b>192</b>	<b>298</b>	<b>19,308</b>

#### Other intangible assets

	Computer Software	Product registrations	Technical Know how	Total
Gross carrying amount as on 1 April 2016	185	2,309	342	2,836
Accumulated amortisation as at 1 April 2016	(185)	(1,415)	(97)	(1,697)
<b>Deemed cost as at 1 April 2016</b>	<b>-</b>	<b>894</b>	<b>245</b>	<b>1,139</b>

#### Investment property

	Leasehold Land	Building	Plant and equipments	Total
Gross carrying amount as on 1 April 2016	584	1,627	2,333	4,544
Accumulated amortisation as at 1 April 2016	(62)	(369)	(1,091)	(1,522)
<b>Deemed cost as at 1 April 2016</b>	<b>522</b>	<b>1,258</b>	<b>1,242</b>	<b>3,022</b>

#### (ii) Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Group has adopted to avail of the above exemption.

#### (iii) Cumulative translation differences

As per Ind AS 101, an entity may deem that the cumulative translation differences for all foreign operations to be zero as at the date of transition by transferring any such cumulative differences to retained earnings.

The group has elected to avail of the above exemption.

#### (iv) Joint ventures - transition from proportionate consolidation to the equity method

As per Ind AS 101, when changing from proportionate consolidation method to equity method, the group has measured its investments in a joint venture at the date of transition as the aggregate of the carrying amounts of the assets and liabilities that the group has previously proportionately consolidated. The resultant amount is regarded as the deemed cost of the investment in the joint venture at initial recognition.

The Group has opted to avail this exemption.

### B. Mandatory exceptions

#### (i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS (i.e. 1 April 2016) or at the end of the comparative information period presented in the entity's first consolidated Ind AS financial statements (i.e. 31 March 2017), shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any difference in accounting policies. An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.



As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates they were not required under previous GAAP, those estimates should be made to reflect conditions that exist at the transition date or at the end of the comparative period.

The Group's estimates under Ind AS are consistent with the above requirement. The key estimates considered in preparation of consolidated financial statements that was not required under previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on expected credit loss model

(ii) *Classification and measurement of financial assets*

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) *De-recognition of financial assets and liabilities*

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transaction to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from the date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financials assets and liabilities derecognised as a result of past transaction was obtained at the time of initially accounting for those transactions.

As permitted by Ind AS 101, the Group has adopted to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**Reconciliation of equity**

Rs. in lacs

		As at date of transition (1 April 2016)			As at 31 March 2017		
	Note	Previous GAAP*	Transition to Ind AS	Ind AS	Previous GAAP*	Transition to Ind AS	Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment		22,330	(2,591)	19,739	19,101	-	19,101
Capital work-in-progress		232	-	232	498	-	498
Investment Property		-	3,022	3,022	2,611	-	2,611
Other intangible assets		1,139	-	1,139	709	-	709
Intangible assets under development		146	-	146	126	-	126
<b>Financial assets</b>							
- Investments	i (a) and (b)	20	95	115	18	107	125
- Trade receivables		-	-	-	-	-	-
- Loans	vii	989	(113)	876	312	(113)	199
- Other financial assets		176	-	176	175	-	175
Deferred tax assets (net)	vii	-	1,150	1,150	-	1,070	1,070
Income tax assets (net)		1,068	-	1,068	1,173	-	1,173
Other non-current assets		13	-	13	96	-	96
<b>Total non-current assets</b>		<b>26,113</b>	<b>1,563</b>	<b>27,676</b>	<b>24,819</b>	<b>1,064</b>	<b>25,883</b>



Rs. in lacs

		As at date of transition (1 April 2016)			As at 31 March 2017		
	Note	Previous GAAP*	Transition to Ind AS	Ind AS	Previous GAAP*	Transition to Ind AS	Ind AS
<b>Current assets</b>							
Inventories		5,743	-	5,743	6,426	-	6,426
Financial assets							
- Investments	i (a)	3	-	3	3	-	3
- Trade receivables		7,609	-	7,609	6,343	-	6,343
- Cash and cash equivalents		534	-	534	229	-	229
- Other bank balances		74	-	74	62	-	62
- Loans		2,337	-	2,337	2,310	-	2,310
- Other financial assets		1,061	-	1,061	1,089	-	1,089
Other current assets		2,269	-	2,269	1,570	-	1,570
<b>Total current assets</b>		<b>19,630</b>	<b>-</b>	<b>19,630</b>	<b>18,032</b>	<b>-</b>	<b>18,032</b>
<b>Total Assets</b>		<b>45,744</b>	<b>1,563</b>	<b>47,306</b>	<b>42,851</b>	<b>1,064</b>	<b>43,915</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity share capital		1,226	-	1,226	1,226	-	1,226
Other equity	i to iv, vii and viii	4,899	2,480	7,379	2,952	1,661	4,613
<b>Total equity</b>		<b>6,125</b>	<b>2,480</b>	<b>8,605</b>	<b>4,178</b>	<b>1,661</b>	<b>5,839</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial liabilities							
- Borrowings	ii	10,633	(532)	10,101	6,871	(150)	6,721
Provisions		1,563	-	1,563	1,721	-	1,721
Other non-current liabilities	iii	-	25	25	-	6	6
<b>Total non-current liabilities</b>		<b>12,196</b>	<b>(507)</b>	<b>11,689</b>	<b>8,592</b>	<b>(144)</b>	<b>8,448</b>
<b>Current liabilities</b>							
Financial liabilities							
- Borrowings	viii	4,998	(35)	4,963	5,021	(35)	4,986
- Trade payables	viii	8,299	(18)	8,280	11,216	(18)	11,198
- Other financial liabilities	ii	9,866	(367)	9,499	11,221	(382)	10,839
Other current liabilities	iii and iv	3,113	10	3,123	1,360	(18)	1,342
Provisions		273	-	273	287	-	287
Current tax liabilities (net)		874	-	874	976	-	976
<b>Total current liabilities</b>		<b>27,423</b>	<b>(410)</b>	<b>27,012</b>	<b>30,081</b>	<b>(453)</b>	<b>29,628</b>
<b>Total liabilities</b>		<b>39,619</b>	<b>(917)</b>	<b>38,701</b>	<b>38,673</b>	<b>(597)</b>	<b>38,076</b>
<b>Total equity and liabilities</b>		<b>45,744</b>	<b>1,563</b>	<b>47,306</b>	<b>42,851</b>	<b>1,064</b>	<b>43,915</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note

# includes revaluation reserve Rs. 5,358 and capital subsidy from state government Rs. 35 transferred to retained earning in accordance with Ind AS 101



# Reconciliation of total comprehensive income for the year ended 31 March 2017

Rs. in lacs

Particulars	Note	For the year ended 31 March 2017		
		Previous GAAP*	Transition to Ind AS	Ind AS
Revenue from operations	v	52,471	1,124	53,595
Other income		1,192	71	1,263
<b>Total income</b>		<b>53,663</b>	<b>1,196</b>	<b>54,859</b>
<b>EXPENSES</b>				
Cost of material consumed		27,222	-	27,222
Excise duty on sales	v	-	1,124	1,124
Purchases of stock-in-trade		578	-	578
Change in inventories of finished goods, stock in trade and work-in progress		(204)	-	(204)
Employee benefits expense	vi	11,460	8	11,468
Finance costs	ii	2,701	367	3,068
Depreciation and amortisation expense		1,606	(0)	1,606
Other expenses		11,916	-	11,916
<b>Total expense</b>		<b>55,279</b>	<b>1,499</b>	<b>56,778</b>
<b>Profit/(loss) before tax and exceptional item</b>		<b>(1,616)</b>	<b>(304)</b>	<b>(1,920)</b>
<b>Tax expenses</b>				
Current tax charge				
Adjustment of tax relating to earlier periods		(46)	46	-
Deferred tax	vii	-	73	73
<b>Profit/(loss) for the year</b>		<b>(1,570)</b>	<b>(423)</b>	<b>(1,993)</b>
<b>Other Comprehensive Income/ (expense)</b>				
<i>Items that will not be reclassified to profit or loss</i>				
- Re-measurement gains / (losses) on defined benefit plans		-	8	8
- Net (Loss)/ gain on FVOCI equity Securities		-	12	12
<i>Income tax relating to items that will not be reclassified to profit and loss</i>				
- Re-measurement gains / (losses) on defined benefit plans		-	(3)	(3)
- Net (Loss)/ gain on FVOCI equity Securities		-	(4)	(4)
<b>Other comprehensive income for the year (net of income tax)</b>		<b>-</b>	<b>13</b>	<b>13</b>
<b>Total Comprehensive Income/ (expense) for the year</b>		<b>(1,570)</b>	<b>(410)</b>	<b>(1,980)</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirement for the purpose of this note

## Adjustments to Cash Flow Statement

Other than effect of certain reclassifications due to difference in presentation, there was no other material effect of cash flow from operating, financing, investing activities for all periods presented.

## Footnotes to the reconciliation of equity as at 1 April 2016 and 31 March 2017 and profit or loss for the year ended 31 March 2017:

### i Fair valuation of Financial Investments

- a) Investment in equity (other than subsidiary and JV) (quoted and unquoted): For investments in equity (other than subsidiary and JV), Group has elected to follow fair value through OCI option and accordingly all fair value fluctuation shall be recognised directly in OCI. Accordingly, investments in other equity are carried at fair value with resulting gain of INR 0.09 on April 1, 2016 and loss of INR 0.47 as on March 31, 2017.

Investments in Mutual Fund (quoted): Under Ind AS 109, Mutual funds are classified and measured at fair value through profit and loss (FVTPL). Accordingly, investments in mutual mutual funds are carried at fair value with resulting loss of INR 0.11 on April 1, 2016 and gain of INR 0.20 as on March 31, 2017.

- b) Investment in equity (other than subsidiary and JV) (unquoted): In case of investment in unquoted equity shares, if fair value cannot be reliably estimated. The Group has currently measured them at net book value as per the latest audited financial statements available. Accordingly, investment in unquoted equity share have resulted in gain of INR 95 on 1 April 2016 and gain of INR 12 for year ended 31 March 2017.



The impact arising from the change is as follows:

Statement of Profit and Loss		Increase/ (Decrease) Year ended 31 March 2017
Fair value of investments in equity of others (quoted)		(0.47)
Other income (Fair value of investments in mutual funds)		0.20
Fair value of investments in equity of others (unquoted)		12
<b>Adjustment before income tax - Profit / (Loss)</b>		<b>12</b>
<b>Balance sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Fair value of Investments in other equity	(0.38)	0.09
Fair value of Investments in mutual funds	0.09	(0.11)
Upward revision in investments in other equity (unquoted)	107	95
<b>Adjustment to retained earnings</b>	<b>107</b>	<b>95</b>

## ii Fair valuation of Loans under Corporate Debt restructuring (CDR)

As per Ind AS 109, a substantial modification of the terms of an existing financial liability shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. Accordingly Group has recognised the borrowings under CDR at fair value on initial recognition and subsequently at amortised cost. Difference between the CDR rate and fair value rate of borrowing of INR 899 is recognised in retained earnings on transition date and subsequent interest as per effective interest rate method as charged to profit and loss for the period ended on 31 March 2017 INR 367 .

The impact arising from the change is as follows:

Statement of Profit and Loss		Increase/ (Decrease) Year ended 31 March 2017
Finance cost (unwinding of interest as per effective interest rate method)		(367)
<b>Adjustment before income tax - Profit / (Loss)</b>		<b>(367)</b>
<b>Balance sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Borrowings (non-current)	150	532
Current maturities of long term borrowing (other financials liability)	382	367
<b>Adjustment to retained earnings</b>	<b>532</b>	<b>899</b>

## iii Government grant

As per Ind AS 20, Grant received will be recognised separately as deferred income and recognised in income statement over the period of useful life of Plant setup for availing grant. Since condition attached to capital subsidy recognised under IGAAP are fulfilled, entire amount capital subsidy of INR 35 is transferred to retained earnings and unamortized UNIDO grant of INR 20 and government grant of INR 15 as of the date of transition to Ind AS is reclassified to liability from other equity.

The impact arising from the change is as follows:

Statement of Profit and Loss		Increase/ (Decrease) Year ended 31 March 2017
Amortisation of Capital Grant		22
Reversal of government grant		(22)
<b>Adjustment before income tax - Profit / (Loss)</b>		<b>-</b>





Balance sheet	As at 31 March 2017	As at 1 April 2016
Other non-current liability	(6)	(25)
Other current liability	(7)	(10)
<b>Adjustment to retained earnings</b>	<b>(13)</b>	<b>(35)</b>

#### iv Reversal of rent equalization reserve

Under Ind AS, operating lease is recognised as an expense on a straight-line basis over the lease term except where the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Accordingly, rent equalization reserve of INR 25 on rent is reversed in the previous year.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (Decrease) Year ended 31 March 2017
Rent expense (Reversal of rent equalization reserve)	25
<b>Adjustment before income tax - Profit / (Loss)</b>	<b>25</b>

Balance sheet	As at 31 March 2017	As at 1 April 2016
Other current liability	25	-
<b>Adjustment to retained earnings</b>	<b>25</b>	<b>-</b>

#### v Excise duty on sales

Under previous GAAP, revenue from sale of goods was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty.

The impact arising from the change is as follows:

Statement of Profit and Loss	Increase/ (Decrease) Year ended 31 March 2017
Revenue from operations (Excise duty on sales)	1,124
Excise duty on sales	(1,124)
<b>Adjustment before income tax - Profit / (Loss)</b>	<b>-</b>

#### vi Employee benefit expense

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets on the net defined benefit obligation are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, actuarial gain amounting to INR 8.07 has been recognised in other comprehensive income instead of profit or loss. There is no impact on the total equity as at 01 April 2016 and 31 March 2017.

#### vii Deferred Taxes

Under Ind AS, deferred tax is calculated using balance sheet approach on various transitional adjustments which lead to temporary differences between the carrying amount of an asset or liability and its tax base. On transition date, Deferred tax asset of INR 1,037 is created due to transition adjustment. Further, following the definition of Deferred tax asset as per Ind AS 12, MAT credit has been reclassified from Loans and advances under IGAAP to Deferred tax assets under Ind AS. During the year ended 31 March 2017, net decrease in deferred tax asset is INR 80.



The impact arising from the change is as follows:

<b>Statement of Profit and Loss</b>		<b>Increase/ (Decrease) Year ended 31 March 2017</b>
Deferred tax charge		80
<b>Adjustment before income tax - Profit / (Loss)</b>		<b>80</b>
<b>Balance sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Loans and advances (MAT Credit Entitlement)	(113)	(113)
Deferred tax asset	1,070	1,150
<b>Adjustment to retained earnings</b>	<b>957</b>	<b>1,037</b>

**viii Accounting for Investments in JV as per equity method**

As per Ind AS 101, when changing from proportionate consolidation method to equity method, the group has measured its investments in a joint venture at the date of transition as the aggregate of the carrying amounts of the assets and liabilities that the group has previously proportionately consolidated. The resultant amount is regarded as the deemed cost of the investment in the joint venture at initial recognition. The group has opted to avail this exemption.

The impact arising from the change is as follows:

<b>Balance sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Trade payables	(18)	(18)
Short term borrowings	(35)	(35)
<b>Adjustment to retained earnings</b>	<b>(53)</b>	<b>(53)</b>

**ix Total equity reconciliation**

	<b>Notes</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Total equity under previous GAAP		4,178	6,125
Finance cost adjustment on account of Fair valuation of borrowings	ii	532	899
Fair value of investments	i	107	95
Others	iii, iv and viii	65	449
Tax*	vii	957	1,037
		<b>5,839</b>	<b>8,605</b>

\* Includes tax effect of above mentioned items and adjustment for reassessment of probability of realization of unrecognized deferred tax asset



# Note 39(a): Fair values

Rs. in lacs

Financial instruments by category and fair values	Note	Level of hierarchy	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
			FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI
<b>Financial assets</b>											
<b>Non current</b>											
Investment in Equity shares of others (unquoted)	(d)	3	-	-	139	-	-	124	-	-	114
Investment in Equity shares of others (quoted)	(d)	1	-	-	1	-	-	1	-	-	1
Loans	(b)	3	-	226	-	-	199	-	-	876	-
Other financial assets	(b)	3	-	-	-	-	175	-	-	176	-
<b>Current</b>											
Investments	(a)	1	3	-	-	3	-	-	3	-	-
Trade receivables	(a)	3	-	4,226	-	-	6,343	-	-	7,609	-
Cash and cash equivalents	(a)	3	-	407	-	-	229	-	-	534	-
Other bank balances	(a)	3	-	165	-	-	62	-	-	74	-
Loans	(a)	3	-	1,089	-	-	2,310	-	-	2,337	-
Other financial assets	(a)	3	-	1,018	-	-	1,089	-	-	1,061	-
<b>Total financial assets</b>			<b>3</b>	<b>7,131</b>	<b>140</b>	<b>3</b>	<b>10,407</b>	<b>125</b>	<b>3</b>	<b>12,667</b>	<b>115</b>
<b>Financial liabilities</b>											
<b>Non-current</b>											
Borrowings (including current maturities)	(c)	3	-	6,405	-	-	10,145	-	-	13,242	-
<b>Current</b>											
Borrowings	(c)	3	-	5,281	-	-	4,986	-	-	4,963	-
Trade payables	(a)	3	-	10,774	-	-	11,198	-	-	8,280	-
Other financial liabilities	(a)	3	-	2,538	-	-	7,415	-	-	6,358	-
<b>Total financial liabilities</b>			<b>-</b>	<b>24,998</b>	<b>-</b>	<b>-</b>	<b>33,744</b>	<b>-</b>	<b>-</b>	<b>32,843</b>	<b>-</b>

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (c) The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates. Management have used external valuation report for the fair value rate of borrowings under CDR arrangement. Fair value of non-current financial liabilities has not been disclosed as there is no significant difference between carrying value and fair value.
- (d) For quoted investments, market value is taken as fair value. The fair value in respect of the unquoted equity investments cannot be reliably estimated. The Group has currently measured them at net book value as per the latest audited financial statements available.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets	Amount
<b>As at April 1, 2016</b>	<b>114</b>
Re-measurement recognised in OCI	12
Purchases	-
Sales	-
<b>As at March 31, 2017</b>	<b>126</b>
Re-measurement recognised in OCI	14
Purchases	-
Sales	(1)
<b>As at March 31, 2018</b>	<b>139</b>



## Note 39(b): Financial risk management

### (i) Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Group's activities. The group, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see (ii));
- Liquidity risk (see (iii)); and
- Market risk (see (iv))

### (ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Group's receivable from customers and loans. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

Particulars	Rs. in lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
- Investments	143	128	118
- Trade receivables	4,226	6,343	7,609
- Cash and cash equivalents	407	229	534
- Other bank balances	165	62	74
- Loans	1,315	2,509	3,213
- Other financial assets	1,018	1,264	1,237

#### Trade receivables

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. The Group evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Group secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the Group.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross Carrying amount	Loss allowance	Carrying amount
<b>31 March 2018</b>			
Less than 6 Months	4,005	-	4,005
More than 6 Months	1,332	1,111	221
	<b>5,337</b>	<b>1,111</b>	<b>4,226</b>
<b>31 March 2017</b>			
Less than 6 Months	4,688	-	4,688
More than 6 Months	2,820	1,165	1,655
	<b>7,508</b>	<b>1,165</b>	<b>6,343</b>
<b>1 April 2016</b>			
Less than 6 Months	7,381	-	7,381
More than 6 Months	1,438	1,210	228
	<b>8,819</b>	<b>1,210</b>	<b>7,609</b>



The movement in the allowance for impairment in respect of trade receivables is as follows

Rs. in lakhs

	As at 31 March 2018	As at 31 March 2017
Balance as at the beginning of the year	1,165	1,210
Provision made during the year	28	137
Amounts written back	(82)	(182)
<b>Balance as at the end of the year</b>	<b>1,111</b>	<b>1,165</b>

The loans primarily represents security deposits, advances recoverable and loans. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for excepted credit loss has been provided on these financial assets. Credit risk on cash and cash equivalents and bank deposits is limited as the Group generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

#### *Cash and cash equivalents*

The Group holds cash and cash equivalents of INR 407 lakhs at 31 March 2018 (31 March 2017: INR 229 lakhs; 1 April 2016 INR 534 lakhs). The cash and cash equivalents are held with scheduled banks.

#### **(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The Group will continue to consider various borrowings or leasing options to maximize liquidity and supplement cash requirements as necessary.

#### **Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

#### **Contractual cash flow**

	Less than 1 year	1 to 5 years	> 5 years	Total
<b>31 March 2018</b>				
Borrowings (including current maturities)	6,867	4,969	-	11,836
Trade and other payables	10,774	-	-	10,774
Other financial liabilities	2,538	-	-	2,538
	<b>20,179</b>	<b>4,969</b>	<b>-</b>	<b>25,148</b>
<b>Year ended 31-Mar-2017</b>				
Borrowings (including current maturities)	8,410	7,253	-	15,663
Trade and other payables	11,198	-	-	11,198
Other financial liabilities	7,415	-	-	7,415
	<b>27,023</b>	<b>7,253</b>	<b>-</b>	<b>34,276</b>
<b>As at 01-April-2016</b>				
Borrowings (including current maturities)	8,104	7,798	3,202	19,104
Trade and other payables	8,280	-	-	8,280
Other financial liabilities	6,358	-	-	6,358
	<b>22,742</b>	<b>7,798</b>	<b>3,202</b>	<b>33,742</b>

**(iv) Market risk****(a) Commodity price risk**

The Group is exposed to the movement in price of key raw materials in domestic and international markets. The Group has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Group manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

**(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings. However Group's borrowings are fixed rate of interest. Hence, the Group is not significantly exposed to interest rate risk.

**Exposure to interest rate risk**

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fixed rate borrowings	11,836	15,663	19,104
	<b>11,836</b>	<b>15,663</b>	<b>19,104</b>

**(b) Foreign currency risk**

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which purchases are denominated and the functional currency of the Group. The currencies in the which the Group is exposed to risk are GBP, USD, EUR. The Group evaluates this risk on a regular basis and appropriate risk mitigating steps are taken, including but not limited, entering into forward contracts.

Rs. in lacs

Foreign Exchange Exposures outstanding at the year end	Currency	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
		Amount in foreign currency	Amount (INR)	Amount in foreign currency	Amount (INR)	Amount in foreign currency	Amount (INR)
Trade receivable / advances to vendors	EUR	648	8	868	12.63	259	3
	USD	1,995	31	2,647	41	3,366	51
Trade payable / advances from customers	EUR	99	1	84	1	92	1
	USD	1,223	19	3,755	58	3,796	57
		<b>1,321</b>	<b>19</b>	<b>(324)</b>	<b>(6)</b>	<b>(263)</b>	<b>(4)</b>

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2018 and 31 March 2017 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.





Rs. in lacs

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2018</b>				
USD (1% movement)	(16)	16	(10)	10
EURO (1% movement)	(11)	11	(7)	7
<b>31 March 2017</b>				
USD (1% movement)	22	(22)	14	(14)
EURO (1% movement)	(16)	16	(10)	10

**Note 40(a): Measurement of fair values of investment property**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fair value of investment property	4,428	4,490	4,651

**Fair value hierarchy**

The fair value of investment property has been determined by external property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

**Valuation technique**

The Company follows discounted cash flows technique. The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, vacant periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

Investment property comprise of a commercial property that is leased to third party. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

**Note 40(b): Capital management****Risk management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital. The Group monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total borrowings net of cash and cash equivalents and other bank balances. Equity comprises all components of equity (as shown in the Balance Sheet).

The Group's adjusted net debt to equity ratio was as follows.

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total liabilities	28,167	38,076	38,701
Less: cash and cash equivalents and other bank balances	(572)	(291)	(608)
<b>Adjusted net debt</b>	<b>27,595</b>	<b>37,785</b>	<b>38,093</b>
Total equity	7,417	5,839	8,605
<b>Adjusted net debt to equity ratio</b>	<b>3.72</b>	<b>6.47</b>	<b>4.43</b>



## Note 41: Employee benefits

### I. Assets and liabilities relating to employee benefits

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current			
Liability for gratuity	1,298	1,108	1,056
Liability for leave encashment	667	613	507
	<b>1,965</b>	<b>1,721</b>	<b>1,563</b>
Current			
Liability for gratuity	319	212	120
Liability for leave encashment	2	75	153
	<b>321</b>	<b>287</b>	<b>273</b>
	<b>2,286</b>	<b>2,008</b>	<b>1,836</b>

For details about the related employee benefit expenses, refer to note no. 31.

### II. Defined contribution plan

#### a. Provident Fund

The Group's provident fund scheme and employee's state insurance (ESI) fund scheme are defined contribution plans. The Group has no obligation other than to make the specified contributions.

#### b. Superannuation Fund

Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the statement of profit and loss in the period when the contributions are due. The scheme is funded with an insurance Group in the form of a qualifying insurance policy.

### The Group has recognised following amounts as Expense in the Statement of Profit and Loss :

Rs. in lacs

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Included in Contribution to Provident and Other Funds (Refer Note 31)</b>		
Provident Fund	279	265
Superannuation Fund	193	137
	<b>472</b>	<b>402</b>

### III. Defined benefit plan - Gratuity

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Group made annual contributions to the LIC of India of an amount advised by the LIC.

The above defined benefit plan exposes the Group to following risks:

#### *Interest rate risk:*

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

#### *Salary inflation risk:*

Higher than expected increases in salary will increase the defined benefit obligation.

#### *Demographic risk:*

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.



The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of Life Insurance Corporation of India.

#### a) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by LIC.. The assets managed are highly liquid in nature and the Group does not expect any significant liquidity risks.

The expected contribution to defined benefit plan in 2018-2019 is insignificant.

The following table sets out the status of the defined benefit plan as required under Ind-AS 19 - Employee Benefits:

#### b) Reconciliation of present value of defined benefit obligation

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	1,464	1,273
Acquisition adjustment	-	54
Interest cost	110	106
Current service cost	72	71
Past service cost	111	-
Benefits paid	(81)	(32)
Total Actuarial (Gain)/Loss on obligation	33	(8)
<b>Balance at the end of the year</b>	<b>1,709</b>	<b>1,464</b>

#### c) Reconciliation of the present value of plan assets

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	144	151
Expected Interest Income	11	12
Contributions paid by the employer	7	9
Benefits paid	(66)	(29)
Actuarial gain/(Loss) for the year on Assets	(2)	0
<b>Balance at the end of the year</b>	<b>93</b>	<b>144</b>

#### d) Expense recognised in profit or loss

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017
Total service cost	183	71
Interest cost on benefit obligation	99	94
<b>Net benefit expense</b>	<b>282</b>	<b>165</b>

#### e) Remeasurements recognised in other comprehensive income

Rs. in lacs

Particulars	As at 31 March 2018	As at 31 March 2017
Actuarial loss/(gain) for the year on Present defined benefit obligation	33	8
Actuarial loss/(gain) for the year on Assets	2	0
<b>Total Actuarial gain / (loss) for the year</b>	<b>35</b>	<b>8</b>

#### f) Plan assets

100% of the plan assets are managed by LIC

g) *Actuarial assumptions*

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate (per annum)	7.75%	7.50%	8.00%
Future salary growth rate (per annum)	5%	5%	5%
Retirement Age	58	58	58
Mortality rate	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)

h) *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Rs. in lacs

	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(49)	51	(124)	132
Future salary growth rate (0.5% movement)	51	(48)	133	(125)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

i) *Expected benefit payments*

Undiscounted amount of expected benefit payments for next 10 years are as follows:

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017
Within 1 year	318	215
1-2 year	56	31
2-3 year	117	40
3-4 year	71	105
4-5 year	133	101
5-10 years	1,014	972

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.09 years (31 March 2017: 12.61 years).

**Note 42: Commitments and contingencies**

(to the extent not provided for)

i) *Claims against the Group not acknowledged as debts*

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Excise duty matters	382	582	589
Income Tax matters	760	814	814
Sales tax matters	11	11	11
Labour laws matters	14	8	7
Civil matters	877	759	660
	<b>2,044</b>	<b>2,174</b>	<b>2,081</b>


**Notes:**

1. The Group is contesting the demands and the management, including its tax advisors, believe that its position will be likely be upheld in appellate process. No tax expense has been accrued in financial statements for the tax demand raised. The management believes that the ultimate outcome of the proceeding will not have a material adverse effect on the Group's financial position and results of operations.
2. The Group shall indemnify the damages to the Managing Director/Directors in case their personal guarantees are invoked in respect of loans, backed by their personal guarantees.

**ii) Other Commitments**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	238	103	31
Amount payable under non-cancellable leases	366	470	611

**Note 43: Related party disclosures**

- I. *List of related parties and nature of related party relationship, where control exists:*
- II. *List of related parties and nature of relationship with whom transactions have taken place during the current/ previous year*

Description of Relationship	Name of the Party
Enterprises where control over the composition of Governing Body exists	Hemsil Trading & Manufacturing Private Limited L & L Products Shroff Private Limited
Key Management Personnel	Mr. Shalil Shroff (Managing Director) Mr. Avtar Singh (Whole time Director) Mr. Vipul Joshi (Chief Financial Officer) Mr. Punit K Abrol (Sr. Vice President (Finance) & Company Secretary) Mr. Jain Prakash (Sr. Vice President (Works))
Non Executive Directors	Mr. Mukesh D Patel Mr. Vijay Dilbagh Rai Smt. Sindhu Seth Mr. Sheo Prasad Singh Capt. S S Chopra (Retd.) Mr. S.S.Tiwari
Relatives of key management personnel	Mrs. Shaila Shroff Mrs. Bhupinder Kaur Mrs. Ravinder Kaur Mr. Jaskaran Singh Ms. Sonal Tiwari

**III. Transactions with related parties during the current/ previous year**

Rs. in lacs

Nature of transactions	Relationship	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Loans taken, deposits received, advances received during the year			
Hem-sil Trading and Manufacturing Private Limited	Enterprises where control over the composition of Governing Body exists	88	100
b. Rent/ service charges income/ (expense) during the year			
L & L Products Shroff Private Limited	Enterprises where control over the composition of Governing Body exists	1	10



Rs. in lacs

Nature of transactions	Relationship	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>c. Loans repayment/ interest payment during the year</b>			
Hem-sil Trading and Manufacturing Private Limited	Enterprises where control over the composition of Governing Body exists	17	171
<b>d. Interest expense during the year</b>			
Hem-sil Trading and Manufacturing Private Limited	Enterprises where control over the composition of Governing Body exists	39	41
<b>Short term employee benefits</b>			
Mr. Shalil Shroff	Key Management Personnel	95	68
Mr. Avtar Singh	Key Management Personnel	93	65
Mr. Vipul Joshi	Key Management Personnel	68	54
Mr. Punit K Abrol	Key Management Personnel	55	42
Mr. Jain Prakash	Key Management Personnel	52	39
<b>Benefits to Relatives</b>			
Ms. Shaila Shroff	Relatives of key management personnel	4	5
Ms. Ravinder Kaur	Relatives of key management personnel	12	9
Mr. Jaskaran Singh	Relatives of key management personnel	8	7
Ms. Bhupinder Kaur	Relatives of key management personnel	1	1
Ms. Sonal Tiwari	Relatives of key management personnel	17	-
<b>Non Executive Directors</b>			
Sitting Fees		10	14
Commission		20*	-
*The Board has recommended and approved a commission of Rs. 20 lacs to the Non Executive Directors for the year 2017-18 to be paid in the current financial year.			
<b>Break-up of Compensation of key management personnel of the group</b>			
Short-term employee benefits		356	320
Post-employment gratuity and medical benefits		43	5
<b>Total</b>		<b>399</b>	<b>325</b>

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.



IV. *Outstanding balances as at year end*

Rs. in lacs

Particulars	Relationship	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans taken				
Hem-sil Trading and Manufacturing Private Limited	Enterprises where control over the composition of Governing Body exists	385	314	344
Mr. Shalil Shroff	Key Management Personnel	2	2	2
Mr. Avtar Singh	Key Management Personnel	2	2	2
Mr. Punit K Abrol	Key Management Personnel	10	10	2
Mr. Jain Prakash	Key Management Personnel	11	11	-
Commission payable to directors	Non Executive Directors	20	-	-
Salary payable to Executive Directors	Key Management Personnel	67	-	-

V. **Terms and conditions of transactions with related parties**

- The transaction with related parties are made on terms equivalent to those that prevail in arm's length transactions and within ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
- In accordance with the Corporate Debt Restructuring Scheme (CDR) approved by the Corporate Debt Restructuring Empowered Group, borrowing are also secured by personal guarantees of Mr. Shalil Shroff for term loans, working capital demand loan and cash credit facility from banks. The aggregate balance of borrowing from banks in respect of which personal guarantees have been given stands at INR 10,988 (31 March 2017: INR 14,772, 1 April 2016: INR. 17,847)

**Note 44: Segment Information**

The Executive Management Committee monitors the operating results of this segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. For management purpose, the Company has identified "Performance Chemicals" as single operating segment.

A] **Information about products and services**

Rs. in lacs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from Sale of Goods from External customers		
Finished goods	40,990	48,649
Traded goods	1,889	783
Revenue from rendering of services to External customers	5,133	2,892

B] **Information about geographical areas**

Rs. in lacs

Year ended 31 March 2018	Sale of goods	Rendering of services	Non current assets
<b>India</b>	13,249	5,133	19,439
<b>Outside India</b>			
Europe (including United Kingdom)	16,712	-	-
Japan	6,101	-	-
Others	6,817	-	335
<b>Total</b>	<b>42,879</b>	<b>5,133</b>	<b>19,774</b>



Year ended 31 March 2017	Sale of goods	Rendering of services	Non current assets
<b>India</b>	13,893	2,892	25,374
<b>Outside India</b>			
Europe (including United Kingdom)	10,341	-	-
Japan	5,302	-	-
Others	19,896	-	509
<b>Total</b>	<b>49,432</b>	<b>2,892</b>	<b>25,883</b>

#### C] Information about major customers

Revenue from 2 customer of the Group amounting INR 22,959 and INR 6,079 during the year 2017-18 (2 customers amounting INR 15,179 and INR 5,314 in the previous year 2016-17) constitutes more than 10% of the total revenue of Group.

#### Note 45: Sale of Joint Venture

The Group has sold its 45% ownership interest in Stellar Marine Paints Limited, a jointly controlled entity on November 11 2016.

#### Note 46: Apporval from Reserve Bank of India (RBI) for conversion of Debtors into Investment

In respect of overdue export receivables from its wholly owned subsidiary i.e. S D Agchem (Europe) NV, the Group had received approval on March 31, 2016 from Reserve Bank of India (RBI) under Regulation 11 of Notification No. of FEMA 120/ RB -2004 towards utilisation of said overdue export receivable into further investment. During the current year, the Group has received necessary regulatory and other approvals. Accordingly, the overdue export trade receivable from S D Agchem (Europe) NV of INR 2,594 lakhs has been converted into investment in equity share capital of the same Group. This has consequential impact on provisions for diminution in value of investments and trade receivable written back. S D Agchem (Europe) has issued new shares with par value of Euro 615 per share resulting into issue of 5,789 equity shares. and capitalised its overdue Trade Receivable (Export) of INR 2594 lakhs of S D Agchem Europe NV.

#### Note 47: Write-off Investment upto 25%

Based on the Regulation 16A and 17 of Foreign Exchange Management (Transfer or Issue of any foreign securities) Regulation, 2004 and RBI/FED/2015-16 FED Mater Direction No. 15/2015-16 the Company has written off INR Nil (previous year INR 81) upto 25% of investment (net of INR 956 (previous year INR 875) write back of provision created for diminution in the value of Investment).

#### Note 48: Disposal of Sintesis Quimica, S.A.I.C Argentina

During the current year, STS Chemicals ('UK') Limited ('STS') and SD Agchem (Europe) NV, Belgium, (SD Agchem), wholly owned subsidiaries of the Company have on 28 September 2017 sold their entire stake in Sintesis Quimica, S.A.I.C, Argentina, a step down subsidiary of the Company to a unrelated third party after completion of necessary legal formalities in India and Argentina.

On sale of Sintesis Quimica, S.A.I.C, Argentina, the impact of all the assets and liability have been provided in the books of account and accordingly Company has recorded an additional provision for INR 210 toward former shareholder of Sintesis Quimica, S.A.I.C, Argentina.

#### Note 49:

The specified bank notes (SBN) as defined under the notification issued by the Ministry of Finance, Department of Economic dated 08 November, 2016 are no longer in existence. Hence the Company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2013. The disclosure of SBN made in the financial statements for 31 March 2017 is as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	13	20	33
(+) Permitted receipts	-	38	38
(-) Permitted payments	-	49	49
(-) Amount deposited in Banks	13	-	13
Closing cash in hand as on 30.12.2016	-	9	9


**Note 50: Disclosures pursuant to Section 186 of the Companies Act, 2013:**

Rs. in lacs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Investment</b>			
<b>Investment in equity shares: Dena Bank Limited</b>			
Balance as at the year end	0.32	0.65	0.67
Maximum amount outstanding at any time during the year	0.32	0.65	0.67
<b>Investment in equity shares: Syndicate Bank Limited</b>			
Balance as at the year end	0.22	0.29	0.29
Maximum amount outstanding at any time during the year	0.22	0.29	0.29
<b>Investment in equity shares: Nimbua Green Field (Punjab) Limited</b>			
Balance as at the year end	129	115	103
Maximum amount outstanding at any time during the year	129	115	103
<b>Investment in equity shares: Mohali Green Field Limited</b>	10	10	10
Balance as at the year end	10	10	10
Maximum amount outstanding at any time during the year			
<b>Investment in equity shares: Alpha Tools Private Limited</b>			
Balance as at the year end	-	1	1
Maximum amount outstanding at any time during the year	-	1	1
<b>Investment in equity shares: Alkapuri Arcade Co-op Society</b>			
Balance as at the year end	-	0.02	0.02
Maximum amount outstanding at any time during the year	-	0.02	0.02
<b>Investment in equity shares: Pragati Sahkari Bank Limited</b>			
Balance as at the year end	-	0.25	0.25
Maximum amount outstanding at any time during the year	-	0.25	0.25
<b>Investment in equity shares: Baroda Dist Industrial Co-op Bank Limited</b>			
Balance as at the year end	-	0.11	0.11
Maximum amount outstanding at any time during the year	-	0.11	0.11



### Note 51: Operating lease disclosure

The Group has entered into agreements for leasing office premises on lease and license basis. The lease have life of 5 years and no restriction places upon the Group by entering into said lease. The specified disclosure in respect of lease agreements is given below.

	Rs. in lacs		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Charged to statement of profit and loss account	143	141	94
Future minimum rentals payable under non-cancellable operating leases are as under			
Within one year	164	141	141
After one year but not more than five years	202	329	470
More than five years	-	-	-
	<b>366</b>	<b>470</b>	<b>611</b>

As per our report of even date attached

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No. 101248W/W-100022

**Pravin Tulsyan**

*Partner*

Membership No. : 108044

Place: Mumbai

Date: 29 May 2018

*For and on behalf of the Board of Directors of  
Punjab Chemicals and Crop Protection Limited*

**Mukesh D Patel**

*Chairman*

DIN No.: 00009605

**Punit K. Abrol**

*Sr. V.P. (Finance) &  
Company Secretary*

Place: Mumbai

Date: 29 May 2018

**Shalil Shroff**

*Managing Director*

DIN No.: 00015621

**Avtar Singh**

*Director (Operations & Business Development)*

DIN No.: 00063569

**Vipul Joshi**

*Chief Financial Officer*





## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

CIN No. : L24231PB1975PLC047063

Registered Office: Milestone 18, Ambala Kalka Road, Village &amp; P.O Bhankharpur, Derabassi, Dist. SAS Nagar, Mohali (Punjab)- 140201,

Telephone Nos.: 01762- 280086, 280094 Fax Nos.: 01762-280070

E-mail:info@punjabchemicals.com; website: www.punjabchemicals.com.

### ATTENDANCE SLIP

(To be presented at the entrance)

42<sup>nd</sup> Annual General Meeting on Thursday, the 20th September, 2018 at 10.00 a.m.

at Hotel Paras, Chandigarh-Ambala Highway, Derabassi, Distt. S.A.S. Nagar (Mohali), Punjab - 140201

Folio No. .... DPID No. .... Client ID No. ....

Name of the Member..... Signature.....

Name of the Proxyholder..... Signature.....

1. Only Member/Proxyholder can attend the Meeting.

2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

#### Notes:

1. You are requested to sign and handover this slip at the entrance of the Meeting venue.

2. If you intend to appoint a Proxy to the meeting instead of yourself, the Form of Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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### PROXY FORM

[Pursuant to Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

## PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

CIN No. : L24231PB1975PLC047063

Registered Office: Milestone 18, Ambala Kalka Road, Village &amp; P.O Bhankharpur, Derabassi, Dist. SAS Nagar, Mohali (Punjab)- 140201,

Telephone Nos.: 01762- 280086, 280094 Fax Nos.: 01762-280070

E-mail:info@punjabchemicals.com; website: [www.punjabchemicals.com](http://www.punjabchemicals.com).

Name of the Member (s)		E-mail Id	
Registered Address		Folio No. / Client Id	
		DP ID	

I / we, being the Member (s) of Punjab Chemicals and Crop Protection Limited, holding ..... shares hereby appoint

Name : ..... E-mail: .....

Address: .....

..... Signature: ..... or failing him/ her

Name : ..... E-mail: .....

Address: .....

..... Signature: ..... or failing him/ her

Name : ..... E-mail: .....

Address: .....

..... Signature: .....





..... Please tear here .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 42<sup>nd</sup> Annual General Meeting of the Company, to be held on Thursday, the 20th September, 2018 at 10.00 a.m. at Hotel Paras, Chandigarh-Ambala Highway, Derabassi, Distt. S.A.S. Nagar (Mohali), Punjab - 140201 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resl. No.	Resolution	Vote (optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business				
1.	To receive, consider and adopt the Audited Financial Statements of the Company (Standalone and Consolidated) for the year ended on 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.			
2.	To appoint a Director in place of Shri Shivshankar Shripal Tiwari, who retires by rotation and being eligible, seeks re-appointment.			
Special Business				
3.	To appoint Smt. Aruna R. Bhinge (DIN:07474950) as a Director, liable to retire by rotation.			
4.	Ratification of the remuneration of M/s. Khushwinder Kumar & Co., Cost Accountants, Jalandhar, (Firm Registration No. 100123) Cost Auditor.			

Signed this ..... day of ..... 2018.

Signature of the Member

Signature of the proxy holder(s)

Affix Re. 1/-  
Revenue  
Stamp

**Notes:**

- 1) This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the Annual General Meeting.
- 2) It is optional to indicate your preference. If you leave 'for','against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

# Corporate Social Responsibility

The Company has taken up few development activities in the nearby areas of the manufacturing units at Derabassi and Lalru, Distt. Mohali, Punjab under the Corporate Social Responsibility (CSR) Policy.

## Organized Health Checkup Camps



## *Upgradation of School Infrastructure*







## **GREEN INITIATIVE**

Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance allowing paperless compliances by Companies through electronic mode. Your Company has taken initiative to update their records for the same. The members holding shares in physical form and who have not furnished the requisite information and who wish to avail the facility to receive the correspondence from the Company in electronic mode may furnish the information to the Alankit Assignments Limited, the Registrar and Transfer Agents. The members holding shares in electronic form may furnish the information to their Depository Participants to avail of the said facility.

# **PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**



## **REGISTERED OFFICE :**

Milestone 18, Ambala Kalka Road,  
Village & P.O.: Bhankharpur, Derabassi,  
Distt. S.A.S. Nagar (Mohali), Punjab - 140201.  
Tel: 01762-280086/ 280094  
Fax: 01762-280070  
Email: [info@punjabchemicals.com](mailto:info@punjabchemicals.com)

## **CORPORATE OFFICE :**

Plot No. 645-646, 5th Floor  
Oberoi Chambers II  
New Link Road, Andheri (West), Mumbai - 400 053  
Tel : 022-2674 7900  
Fax : 022-2673 6193  
Email : [enquiry@punjabchemicals.com](mailto:enquiry@punjabchemicals.com)

[www.punjabchemicals.com](http://www.punjabchemicals.com)

