

## INDEPENDENT AUDITORS' REPORT

TO  
THE MEMBERS OF  
KKALPANA INDUSTRIES (INDIA) LIMITED

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Kkalpana Industries (India) Ltd** ("The Company"), which comprise the Balance sheet as at 31st March, 2016, and the Statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the matters in section 134(5) of the Companies Act, 2013 ("The Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the accounting standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the Rules made thereunder.
4. We conducted our audit in accordance with the standards on auditing specified u/s 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements free from material mis-statements.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of financial Statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2016;

- (b) In the case of the Statement of Profit & Loss, of the profit for the year ended on that date.
- (c) In the case of Cash Flow Statement of the cash flows of the company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, based on the comments in the auditors report, we give in the Annexure A, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
9. As required by Section 143(3) of the Act, we report, to the extent applicable that :
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received,
  - (c) The Balance Sheet and Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts and with the returns ;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Director, none of the directors are disqualified as on 31st, March 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' and
  - (g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 positions in its financial statements in accordance with the generally accepted accounting practice-also refer Note 26 to the Financial Statements.
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Protection Fund by the company.

FOR B. MUKHERJEE & CO.  
 CHARTERED ACCOUNTANTS  
 Firm Registration No. 302096E

B. MUKHERJEE  
 PARTNER  
 (Membership No. 002941)

Place: Kolkata  
 Date: 30th May, 2016

## **Annexure A to the Independent Auditor's Report- 31st March 2016**

(Referred to in our report of even date)

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March 2016, we report that:

**(i) In respect of its Fixed Assets:**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides a physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on verification.
- (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) In respect of its Inventory:**

The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.

**(iii) In respect of Loans taken or granted:**

In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

**(iv) In respect of Loans to Directors and Investments by Company :**

The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.

**(v) In respect of Deposits :**

According to the information and explanation given to us, the company has not accepted any deposit during the year and accordingly the question of complying with section 73 and 76 of the Companies Act, 2013 does not arise. In respect of unclaimed deposits, the Company has complied with the provisions of sections 74 and 75 or any other relevant provisions of the Companies Act. According to the information and explanation given to us, no Order has been passed by the Company Law Board, or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

**(vi) In respect of Cost Records :**

We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Records & Audit) Rules, 2014, as amended and prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed Cost Records have been made and maintained. We have, however, not made a detailed examination of the Cost records with a view to determine whether they are accurate or complete.

**(vii) In respect of whether the Company is regular in depositing its Statutory dues :**

- a) According to the information and explanation 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 Provident Fund, Income tax, sales tax, Employees State Insurance, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanation given to us, no undisputed amounts payable in respect

of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31st March, 2016 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 duties of Income Tax, Sales Tax, Value added Tax, service Tax, Duty of Customs, Duty of Excise which have not been deposited with the appropriate authorities on account of any dispute.

**(viii) In respect of Loans from Bank/Financial Institution :**

According to the information and explanation given to us, the Company has not defaulted in repayment of dues to any Financial Institution, Bank or to Debenture holders during the year.

**(ix) In respect of moneys raised by way of Initial Public Offer, Term Loans :**

The Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

**(x) In respect of frauds on or by the Company :**

To the best of our knowledge and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

**(xi) In respect of Managerial Remuneration as per section 197 (schedule V) :**

According to the information and explanations given to us, managerial remuneration has been provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**(xii) In respect of Nidhi Company :**

In our opinion and 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) In respect of Transactions with the Related Parties :**

According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

**(xiv) In respect of Preferential allotment or Private placement of shares :**

To the best of our knowledge and according to the information and explanation given to us, there was no preferential allotment or Private placement of shares or fully or partly convertible Debentures during the year under review.

**(xv) In respect of Non-cash transaction with Directors or persons connected with him :**

To the best of our knowledge and according to the information and explanation given to us, there was no non-cash transaction with any Director or persons connected with him during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.

**(xvi) In respect of registration under section 45-IA of the Reserve Bank of India Act, 1934 :**

The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

FOR B. MUKHERJEE & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. 302096E

B. MUKHERJEE  
PARTNER  
(Membership No. 002941)

Place: Kolkata  
Date: 30th May, 2016

## **Annexure B to the Independent Auditor's Report- 31st March 2016**

(Referred to in our report of even date)

### **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 over financial reporting of **KKALPANA INDUSTRIES (INDIA) LTD. ("The Company")**, as of 31st March 2016 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 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 Companies Act, 2013.

#### **Auditors' Responsibility**

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has,in all material respects ,an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March2016 ,based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR B. MUKHERJEE & CO.  
 CHARTERED ACCOUNTANTS  
 Firm Registration No. 302096E

B. MUKHERJEE  
 PARTNER  
 (Membership No. 002941)

Place: Kolkata  
 Date: 30th May, 2016

**BALANCE SHEET AS AT 31ST MARCH, 2016**

(₹ in Lacs)

	Note	As at March 31st, 2016		As at March 31st, 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
Share Capital	2	1,881.46		1,881.46	
Reserve and Surplus	3	<u>22,447.25</u>	<u>24,328.71</u>	<u>21,318.51</u>	23,199.97
<b>Non-current liabilities</b>					
Long-term borrowings	4	7,131.95		11,136.40	
Deferred tax liabilities (Net)	5	2,073.37		1,897.12	
Long-term provisions	6	<u>42.41</u>	<u>9,247.73</u>	<u>3.24</u>	13,036.76
<b>Current liabilities</b>					
Short-term borrowings	7	26,205.00		26,268.13	
Trade payables	8	13,394.16		6,052.84	
Other current liabilities	9	3,978.38		12,676.33	
Short-term provisions	10	<u>732.57</u>	<u>44,310.11</u>	<u>(26.24)</u>	44,971.06
<b>TOTAL</b>			<u><b>77,886.55</b></u>		<u><b>81,207.79</b></u>
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed assets</b>					
Tangible assets	11	20,577.53		16,743.94	
Intangible assets		25.01		17.94	
Capital work-in-progress		<u>373.31</u>	<u>20,975.85</u>	<u>1,544.79</u>	18,306.65
<b>Non-current investments</b>	12	260.92		253.60	
<b>Long-term loans and advances</b>	13	<u>119.21</u>	<u>380.13</u>	<u>353.76</u>	607.36
<b>Current assets</b>					
Inventories	14	10,007.87		12,939.56	
Trade receivables	15	37,382.77		23,653.63	
Cash and Bank Balances	16	2,777.69		3,654.39	
Short-term loans and advances	17	6,328.02		18,797.23	
Other current assets	18	<u>34.23</u>	<u>56,530.57</u>	<u>3,248.98</u>	62,293.78
<b>TOTAL</b>			<u><b>77,886.55</b></u>		<u><b>81,207.79</b></u>

Significant accounting policies

1

The accompanying notes form an integral part of the financial statement.

This is the Balance Sheet referred to in our report of even date.

For **B. Mukherjee & Co.**  
Chartered Accountants  
Firm Registration No:302096E

**B. Mukherjee**  
Partner  
Membership No.002941  
Date : 30th May, 2016  
Place : Kolkata

For and on behalf of the Board of Directors

**Narrindra Suranna**  
(DIN 00060127)  
Chairman and Managing Director

**A. B. Chakrabarty**  
(Membership No. FCS 7184)  
Company Secretary

**Rajesh Kumar Kothari**  
(DIN 02168932)  
Whole Time Director

**Indar Chand Dakalia**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in Lacs)

	Note	Year Ended March 31st, 2016	Year Ended March 31st, 2015
<b>INCOME</b>			
Revenue from operations	19	200,545.11	185,028.40
Less: Excise duty		14,774.16	13,710.26
Revenue from operations (net)		185,770.95	171,318.14
<b>Other Income</b>	20	1,886.93	1,587.93
<b>Total Revenue</b>		<b>187,657.88</b>	<b>172,906.07</b>
<b>EXPENSES</b>			
Cost of materials consumed	21	161,410.37	157,910.56
Changes in inventories of finished goods	22	4,198.38	(4,830.68)
Employee benefits expense	23	1,942.51	2,084.53
Finance costs	24	5,104.62	3,578.93
Depreciation and amortization expense		1,463.40	2,137.89
Less: Depreciation on amount added on revaluation		14.48	14.48
Other expenses	25	9,181.42	8,761.13
<b>Total expenses</b>		<b>183,286.23</b>	<b>169,627.88</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>4,371.65</b>	<b>3,278.19</b>
Exceptional & extraordinary items		2,668.98	2,230.19
Loss On Impairment of Assets		–	241.48
<b>Profit before tax</b>		<b>1,702.67</b>	<b>806.52</b>
Tax expense:			
Current Tax Expenses		387.07	161.37
Deferred Tax		176.25	203.82
		563.32	365.20
<b>Profit for the year</b>		<b>1,139.35</b>	<b>441.33</b>
<b>Earnings per equity share: (Refer note no.28)</b>		₹	₹
Basic		1.21	0.47
Diluted		1.21	0.47

Significant accounting policies 1

The accompanying notes are an integral part of the financial statement.

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

For **B. Mukherjee & Co.**

Chartered Accountants

Firm Registration No:302096E

**B. Mukherjee**

Partner

Membership No.002941

Date : 30th May, 2016

Place : Kolkata

For and on behalf of the Board of Directors

**Narrindra Suranna**

(DIN 00060127)

Chairman and Managing Director

**A. B. Chakrabarty**

(Membership No. FCS 7184)

Company Secretary

**Rajesh Kumar Kothari**

(DIN 02168932)

Whole Time Director

**Indar Chand Dakalia**

Chief Financial Officer



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in Lacs)

	Year Ended March 31st, 2016	Year Ended March 31st, 2015
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extra Ordinary Items	4,371.65	3,278.19
Add: Depreciation	1,463.40	2,137.88
Profit on sale of Fixed Assets	(487.68)	19.74
Finance Costs	5,104.62	3,578.94
	<u>6,080.34</u>	<u>5,736.56</u>
	10,451.99	9,014.75
Less: Interest Income	–	197.67
Revaluation Reserve	14.48	14.48
Effect of Transitional Provision	–	319.02
Change in Foreign Currency Translation Difference	(3.88)	0.87
	<u>10.60</u>	<u>532.04</u>
Operating Profit before Working Capital Changes	10,441.38	8,482.71
Adjustment for:		
Trade and Other Receivables	(950.80)	1,263.24
Long Term Loans & Advances	234.55	–
Inventories	2,931.69	405.59
Trade payables and other liabilities	(945.73)	3,219.42
	<u>1,269.72</u>	<u>4,888.25</u>
Cash Generated before Extra Ordinary Items	11,711.10	13,370.96
Extra Ordinary Items	2,668.98	–
Cash Generated from Operations	9,042.12	13,370.96
Direct Tax paid (net of refunds)	309.13	186.96
<b>Net Cash Generated from Operating Activities (A)</b>	<u>8,732.99</u>	<u>13,184.00</u>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible/intangible assets/Assets destroyed by fire	(4,211.97)	(3,718.02)
Sale of fixed assets	3,704.04	27.13
Purchase of Investments	(7.32)	–
Interest Received	77.75	131.83
<b>Net Cash Generated from Investing Activities (B)</b>	<u>(437.50)</u>	<u>(3,559.06)</u>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	(4,004.45)	(5,615.16)
Non Current Investments	–	–
Short Term Borrowings (net)	(63.12)	1,434.40
Interest Paid	(5,104.62)	(3,578.94)
Dividend Paid (Including Tax on Dividend)	–	(264.15)
<b>Net Cash Generated from Financing Activities (C)</b>	<u>(9,172.19)</u>	<u>(8,023.85)</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

(₹ in Lacs)

	Year Ended March 31st, 2016	Year Ended March 31st, 2015
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(876.70)</b>	1,601.09
Cash and Cash equivalents at the beginning of the year	3,654.39	2,053.30
<b>Cash and Cash equivalents at the end of the year</b>	<b>2,777.69</b>	<b>3,654.39</b>

**NOTES:**

1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India

2 Previous Year's figures have been regrouped where necessary to conform to the current year's classification.

3 Cash and cash equivalents comprise of:

<i>Cash on Hand</i>	<b>112.19</b>	94.82
Balances with scheduled banks:		
- <i>In Current Accounts</i>	<b>541.26</b>	1,745.10
- <i>In EEFC Accounts</i>	<b>250.74</b>	58.80
- <i>In Margin &amp; Guarantee Deposit Accounts*</i>	<b>1,831.58</b>	1,695.31
- <i>In Unpaid Dividend Account*</i>	<b>41.92</b>	60.36
	<b>2,777.69</b>	<b>3,654.39</b>

\* Balances not available for use by the Company

This is the Cash Flow Statement referred to in our report of even date.

For **B. Mukherjee & Co.**

Chartered Accountants

Firm Registration No:302096E

**B. Mukherjee**

Partner

Membership No.002941

Date : 30th May, 2016

Place : Kolkata

For and on behalf of the Board of Directors

**Narrindra Suranna**  
(DIN 00060127)

Chairman and Managing Director

**A. B. Chakrabarty**  
(Membership No. FCS 7184)

Company Secretary

**Rajesh Kumar Kothari**  
(DIN 02168932)

Whole Time Director

**Indar Chand Dakalia**  
Chief Financial Officer

## Notes to the Financial Statements for the year ended 31st March, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### i) Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 133 of the Companies Act, 2013 (the Act), read together with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, and clause 6 of the General Instructions given in Schedule III to the Act, the terms used in these financial statements are in accordance with the Accounting Standards as referred to herein.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

#### ii) Use of Estimates

The preparation of Financial Statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statement and the result of the operations during the reporting year end. Although these assumptions are made as per the Management 's best knowledge of current events and actions, actual result may differ from these estimates.

#### iii) Tangible Fixed Assets

Fixed Assets including capital work in progress are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

Pre-operation expenses including trial run expenses (net of revenue) are capitalised. Net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

Insurance of Claim of ₹ 108.08 Crores received from Universal Sampo Insurance Company during the current year. The same has been adjusted against the insurance claim receivable of ₹ 134.77 Crores and remaining loss of ₹ 26.69 Crores recognised as an extraordinary item during the year.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

The Assets which are intended for sale and to be realised within one year are treated as Current Assets.

#### iv) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment loss, if any.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

#### v) Depreciation and Amortisation

Depreciation includes amortisation. Depreciation on Tangible Fixed Assets has been provided as prescribed under Schedule II of the Companies Act, 2013 on prorata basis with reference to the date of addition.

## Notes to the Financial Statements for the year ended 31st March, 2016

Given below the number of years which has been considered for providing depreciation.

Particulars	Years
Factory Building	30
Plant & Machinery	25
Electrical Installation	10
Lab Equipments	10
Furniture & Fixture	10
Motor Car	8
Air Conditioner	15
Scooter, Moped & Cycle	10
Office Equipment	5
Computer	3

Useful life of the Plant and Machinery has been considered 25 years as against 15 years as prescribed in schedule II of the Companies Act, 2013 which is based on the prevailing practices of comparable industries and our past experience for the last 29 years.

Technical Know How and Computer Software is amortized over a period of 10 years.

### vi) Impairment of Tangible and Intangible Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### vii) Revenue Recognition:

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, and includes raw material sales & remission of Central Sales Tax and Vat Amount. Jobs charges is recognised as per terms of contract. Sales includes amounts recovered towards excise duty. Revenue from sale of scrap is recognised as and when scrap is sold.

Other income and expenditure are recognised and accounted on accrual basis except Export incentives which are recognised as and when received.

### viii) Foreign currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

All items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, the same are carried to Reserve & Surplus under "Foreign Currency items Translation Difference Account" and will be amortized over a period of years as per "Accounting Standard-11"

### ix) Financial Derivatives Hedging Transactions

In respect of derivative contracts, premium paid, gains / losses on settlement and losses on restatement are recognised in the Profit and Loss account except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

Derivatives contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements.

### x) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long Term Investments are stated at cost less written down for any diminution, other than temporary, in carrying value. Current investments are stated at lower of cost and quoted value. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment.

### xi) Inventories

**Raw materials and Stores & Spare parts:** Inventories are valued at cost or net realisable value whichever is

## Notes to the Financial Statements for the year ended 31st March, 2016

lower. Cost is determined by using the Weighted average method. 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.

**Finished Goods:** Inventories are valued at lower of cost and net realisable value. Finished goods include cost of conversion and other cost incurred for bringing the inventories to their present location and condition.

### xii) Retirement and other Employee Benefits

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

Contribution towards provident funds are recognised as expenses and are made to government administered provident fund towards which the Company has no further obligations beyond its monthly contribution. Liability towards gratuity, covering eligible employees on the basis of year-end actuarial valuation is recognised as a charge.

Accrued liability towards leave encashment benefits, covering eligible employees' is recognised as charge. Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees is recognised as charge. Super Annuation benefit scheme is not existing in the company at present.

### xiii) Borrowing Cost

Borrowing cost that are directly attributable to acquisition and construction of qualifying asset are capitalised as part of the cost of such asset upto the date the asset is put to use. All other borrowing cost are charged to revenue on accrual basis unless otherwise stated.

### xiv) Current and deferred tax

Provision for current income tax is made in accordance with the provisions of the Income-tax Act, 1961.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

### xv) Provisions and Contingent Liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### xvi) Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period after deducting any attributable tax thereto for the period by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### xvii) Accounting for Investment in Associates in Consolidated Financial Statement.

Kkalpana Industries (India) Ltd. Is having one Associate Company named as Kkalpana Plastick Ltd, As per the provisions of Companies Act 2013, the definition of Subsidiary has been amended to include Associate Company, therefore, Consolidated Financial Statement is required to be prepared as per AS-23. The Company is not Preparing the CFS as required by Companies Act 2013, as because currently the Associate Company is not in a condition to transfer funds to the Holding Company. However, given below additional information as required by Companies Act 2013, for the FY 2015-16.

**Additional Information as stated under Schedule III of Companies Act 2013.**

(₹ in Lacs)

Name of the Equity Particulars	Net Assets (i.e Total Assets minus Total Liabilities)			Share in Profit and Loss		
	Net Assets.	As a % age Net Assets	Amount	PAT	As a %age of Profit or Loss	Amount
Kkalpana Plastick Limited- Associate Company	62,422,284	36.23%	22,615,593	1,169,809	36.23%	423,822

## Notes to the Financial Statements for the year ended 31st March, 2016

(₹ in Lacs)

	As at March 31st, 2016	As at March 31st, 2015
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
153,000,000 Equity Share of ₹ 2 Each (Previous Year : 3,06,00,000 Equity Shares of ₹ 10/-each)	3,060.00	3,060.00
<b>Issued, Subscribed &amp; Paid Up</b>		
940,72,930 Equity Share of ₹ 2 Each (Previous Year : 1,88,14,586 Equity Shares of ₹ 10/- each)	1,881.46	1,881.46
	<b>1,881.46</b>	<b>1,881.46</b>

**i) Terms/ Rights attached to Equity Shares:**

The Company has only one class of shares referred to as equity shares having a par value of 2/-. Each holder of equity shares is entitled to vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amount, in proportion of their shareholding.

**ii) Reconciliation of the number of shares**

**Equity Shares:**

	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	94,072,930	1,881.46	18,814,586	1,881.46
Add: Shares Issued during the year	Nil	-	-	-
Less: Shares bought back	Nil	-	-	-
Balance as at the end of the year	94,072,930	1,881.46	18,814,586	1,881.46
Shares split during the year to 2* each	-			
Shares Outstanding at the end of the year	-	1,881.46		

\* Pursuant to the sub-division of the Equity shares of the Company, each Equity share of the face value of ₹ 10/- was subdivided into 5 Equity shares of the face value of ₹ 2/- each fully paid up w.e.f. May 22, 2015 and it ranks pari-passu in all respect with existing fully paid up Equity Shares of ₹ 10/- each.

**iii) Details of equity shares held by shareholders holding more than 5% shares:**

Name of Share Holder	Number of Shares	% holding	Number of Shares	% holding
Sriram Financial Consultants Pvt. Ltd	44,785,170	47.61%	8,957,034	47.61%
Shyambaba Trexim Pvt. Ltd.	15,551,680	16.53%	3,110,336	16.53%
Subh Labh Vintrade Pvt. Ltd	7,750,000	8.24%	1,550,000	8.24%
Inbara Holdings Pvt. Ltd	7,250,000	7.71%	1,450,000	7.71%

**iv) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding the reporting date:**

Number of Equity Shares of ₹ 2/- each (Earlier ₹ 10/- each) allotted as fully paid up pursuant to contract (Scheme of Amalgamation / Arrangements) without payment being received in Cash in the year 2010-11)	<b>26,072,930</b>	<b>5,214,586</b>
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## Notes to the Financial Statements for the year ended 31st March, 2016

	(₹ in Lacs)			
	As at		As at	
	<u>March 31st, 2016</u>		<u>March 31st, 2015</u>	
<b>3. RESERVE AND SURPLUS</b>				
<b>Capital Reserve</b> (Balance as per last account)		12.91		12.91
<b>Securities Premium Account</b> (Balance as per last account)		5,322.45		5,322.45
<b>Amalgamation Reserve</b> (Balance as per last account)		840.05		840.05
<b>Foreign Currency Monetary Item Translation Difference Account</b>				
Balance as per Last Account	(266.08)		(266.95)	
Exchange Gain/(Loss) during the year	(111.03)		(186.03)	
Ammortization during the year	<u>114.91</u>	(262.21)	<u>186.90</u>	(266.08)
<b>Revaluation Reserve</b>				
Balance as at the beginning of the year	168.29		182.77	
Less: Depreciation arising out of revaluation	<u>14.48</u>	153.82	<u>14.48</u>	168.29
<b>General Reserve</b>				
Balance as at the beginning of the year	3,400.00		3,400.00	
Add: Transfer from Surplus in Statement of Profit and Loss during the year	<u>-</u>	3,400.00	<u>-</u>	3,400.00
<b>Surplus in Statement of Profit and Loss</b>				
Balance as at the beginning of the year	11,840.89		11,718.56	
Add: Adjustment for Depreciation as per Schedule II of Companies Act 2013.	-		(482.71)	
Add: Adjustment for Deferred Tax	-		163.69	
Add: Profit for the year	<u>1,139.35</u>		<u>441.35</u>	
	12,980.23		11,840.89	
<b>Less: Appropriation</b>				
Proposed Dividend on Equity Shares	-		-	
Tax on Proposed Dividend	-		-	
Transferred to General Reserve	<u>-</u>	12,980.23	<u>-</u>	11,840.89
		<u>22,447.25</u>		<u>21,318.51</u>
<b>4. LONG TERM BORROWINGS</b>				
	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>	<u>Current</u>
<b>Secured</b>				
Term Loan from Banks	4,031.65	3,000.15	9,082.75	8,454.67
Vehicle Loan	114.59		103.36	14.11
<b>Unsecured</b>				
Other Loans	<u>2,985.71</u>		<u>1,950.29</u>	
	<u>7,131.95</u>	<u>3,000.15</u>	<u>11,136.40</u>	<u>8,468.78</u>

## Notes to the Financial Statements for the year ended 31st March, 2016

- i) Terms of repayment of long-term borrowings are as follows: (₹ in Lacs)

### Term Loans from Banks

USD 6.53 million equivalent to ₹ 3821.07 lacs (31.03.2015:USD 11.28 million equivalent to ₹ 6411.37 lacs) loan is secured by 1st pari passu charge by way of equitable mortgage over all present and future movable and immovable properties located at Surangi Unit and all present and future movable properties located at Daman & Falta unit and is repayable in 16 equal quarterly installments; the next installment is due on 27th April, 2016 and Rupee term loan 3210.72 lacs is secured by 1st pari pasu charge by way of equitable mortgage over all present and future movable and immovable properties located at Surangi Unit and all present and future movable properties located at Daman & Falta unit, hypothecation of present & future Current Assets of the Company on Second pari-passu basis, the first instalment due on 31st of December 2016. (P.Y. USD 5.73 million equivalent to ₹ 3521.89 lacs, Euro 3.41 million equivalent to ₹ 2266.65 lacs and INR loan amounting to ₹ 4787.50 lacs have been fully repaid.)

### Term Loan from Others

- a) Indian rupee loan amounting ₹ 114.59 lacs (31.03.2015: ₹ 117.47 lacs) is secured by Hypothecation against Motor Car and repayable in 60 equal monthly installments.

	<u>As at March 31st, 2016</u>	<u>As at March 31st, 2015</u>
<b>5. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred tax liability</b>		
Related to Fixed Assets	2,073.37	1,897.12
<b>Net Deferred tax liability</b>	<u>2,073.37</u>	<u>1,897.12</u>
<b>6. LONG-TERM PROVISIONS</b>		
<u>Provision for employee benefits:</u>		
Provision for gratuity (net)	42.41	3.24
	<u>42.41</u>	<u>3.24</u>
<b>7. SHORT-TERM BORROWINGS</b>		
<b><u>Secured</u></b>		
Loan repayable on demands	26,205.00	26,268.13
From Banks*		
<b><u>Unsecured</u></b>		
Short term loan from Bank	-	-
	<u>26,205.00</u>	<u>26,268.13</u>

\* Includes Buyers Credit and Packing Credit

- i) Working Capital Loans from Banks are secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores & spares and book debts of the Company. Mortgage of Flat located at D-403, Dharam Palace, CHS limited, Shantivaan, Borivalli(E), Mumbai-400066, on First Pari-passu basis. These loans are further secured by a second charge over the residual value on the Fixed assets of the units both present and future except Daman.



## Notes to the Financial Statements for the year ended 31st March, 2016

(₹ in Lacs)

	As at March 31st, 2016	As at March 31st, 2015
<b>8. TRADE PAYABLES</b>		
Acceptances - Secured (Refer Note (i) below)	10,299.50	200.00
Sundry Creditors (Refer Note (ii) & (iii) below)	3,094.66	5,852.84
	<u>13,394.16</u>	<u>6,052.84</u>
i) Secured by way of hypothecation of stocks & book debts in favour of the company's bankers		
ii) <u>Sundry Creditors:</u>		
Sundry creditors for goods	2,425.64	5,074.34
Sundry creditors for expenses	669.02	778.50
	<u>3,094.66</u>	<u>5,852.84</u>
iii) The Company has not received any intimation from the suppliers regarding their status under Micro, Small and Medium Enterprises Act 2006 and hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said act has not been given.		
<b>9. OTHER CURRENT LIABILITIES</b>		
Current maturities of Long term debt (Refer Note No.4)	3,000.15	8,468.78
Unpaid Dividend (Refer Note (i) below)	41.92	60.36
Statutory dues including provident fund and tax deducted at source	180.28	44.71
Creditors for Capital Expenditure	(48.59)	586.20
Advance from customers	-	22.54
Other Liabilities	804.62	3,493.73
	<u>3,978.38</u>	<u>12,676.33</u>
i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Companies Act, 2013 as at the year end.		
<b>10. SHORT- TERM PROVISIONS</b>		
Provision for taxation (Net of tax payments)	732.57	(26.24)
Provision for proposed dividend on equity shares	-	-
Provision for tax on proposed dividends	-	-
	<u>732.57</u>	<u>(26.24)</u>

## Notes to the Financial Statements for the year ended 31st March, 2016

**NOTE - 11**

**FIXED ASSETS**

(₹ in Lacs)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2015	Addition during the year	Sales/ Disposals	As at 31-03-2016	As at 01-04-2015	For the year	Sales/ Disposals	As at 31-03-2016	As at 31-03-2016	As at 31-03-2015
<b>TANGIBLE ASSETS:</b>										
Free hold land	2,944.05	-	71.44	2,872.62	-	-	-	-	2,872.62	2,944.05
Factory Building	7,889.17	700.61	777.47	7,812.31	1,197.86	243.26	181.11	1,260.01	6,552.30	6,691.32
Plant & Machinery	14,844.51	3,907	3,280.61	15,470.79	6,426.22	940.99	1,097.66	6,269.56	9,201.24	8,418.29
Furniture & Fixture	177.26	39.92	46.28	170.90	72.82	15.14	16.84	71.12	99.79	104.44
Motor Car	426.89	45.31	4.00	468.20	206.10	47.28	2.30	251.09	217.12	220.79
Scooter, Moped & Cycle	4.22	0.55	0.36	4.41	3.54	0.14	0.28	3.40	1.01	0.68
Laboratory Equipment	228.14	336.13	22.38	541.88	143.62	10.87	9.05	145.44	396.44	84.52
Electrical Installation	2,131.52	299.52	507.52	1,923.53	785.61	169.75	206.56	748.80	1,174.73	1,345.91
Office Equipment	118.67	24.27	12.24	130.70	90.55	15.71	4.80	101.46	29.24	28.12
Air Conditioner	46.48	5.58	10.09	41.97	18.66	2.78	3.14	18.30	23.67	27.82
Computer	125.07	10.35	16.93	118.49	110.08	10.26	11.22	109.12	9.37	14.99
<b>Total</b>	<b>28,935.99</b>	<b>5,369.13</b>	<b>4,749.30</b>	<b>29,555.82</b>	<b>9,055.05</b>	<b>1,456.19</b>	<b>1,532.95</b>	<b>8,978.29</b>	<b>20,577.53</b>	<b>19,880.94</b>
Tangible Fixed Assets (Intended for sale to be realised within 1 Year)									-	3,137.00
<b>Total (A)</b>	<b>28,935.99</b>	<b>5,369.13</b>	<b>4,749.30</b>	<b>29,555.82</b>	<b>9,055.05</b>	<b>1,456.19</b>	<b>1,532.95</b>	<b>8,978.29</b>	<b>20,577.53</b>	<b>16,743.94</b>
<b>INTANGIBLE ASSETS:</b>										
Technical Knowhow	40.90	-	-	40.90	36.81	3.89	-	40.69	0.20	4.09
Computer Software	32.25	14.28	-	46.53	18.40	3.33	-	21.72	24.81	13.85
<b>Total (B)</b>	<b>73.14</b>	<b>14.28</b>	<b>-</b>	<b>87.42</b>	<b>55.20</b>	<b>7.21</b>	<b>-</b>	<b>62.41</b>	<b>25.01</b>	<b>17.94</b>
<b>Total(A+B)</b>	<b>29,009.13</b>	<b>5,383.42</b>	<b>4,749.30</b>	<b>29,643.24</b>	<b>9,110.25</b>	<b>1,463.40</b>	<b>1,532.95</b>	<b>9,040.70</b>	<b>20,602.54</b>	<b>16,761.88</b>
Previous Year	28,411.19	15,405.64	14,807.70	29,009.13	7,386.32	2,137.88	413.95	9,110.25	16,761.88	-
Capital Work-in-Progress									373.71	1,544.79

## Notes to the Financial Statements for the year ended 31st March, 2016

(₹ in Lacs)

12. NON-CURRENT INVESTMENTS	Face Value ₹	As at March 31st, 2016		As at March 31st, 2015	
		No. of Shares	Amount	No. of Shares	Amount
<b>A) Trade investments</b>					
i) Investments in Equity instruments of other entities					
<b>Quoted</b>					
Kkalpana Plastick Limited	10/-	2,002,920	200.29	2,002,920	200.29
<b>B) Other Investments</b>					
i) Investments in Equity instruments of other entities					
<b>Quoted</b>					
Dena Bank*	10/-	14	0.00	14	0.00
Nicco Corporation Ltd.*	2/-	826,194	50.65	826,194	50.65
<b>Unquoted</b>					
Sterling Resorts Ltd.			1.31		1.31
Panchawati Holiday Resorts Ltd.	10/-	9,400	0.94	9,400	0.94
Kkalpana Plastics Middeast FZE			7.32		
ii) Investments in Government or trust securities					
7 Year National Saving Certificate			0.30		0.30
Indira Vikash Patra			0.00		0.00
5.5 Year Kissan Vikash Patra			0.10		0.10
			<u>260.92</u>		<u>253.60</u>
<b>Aggregate Book Value of Investments</b>					
Quoted			250.95		250.95
Unquoted			9.97		2.65
			<u>260.92</u>		<u>253.60</u>
Aggregated Market Value of quoted Investments			<u>124.14</u>		<u>183.24</u>

\* Amount is below the rounded off norms as adopted by the company.

- i) No provision has been made for the diminution of ₹ 129.45 lacs in the valuation of investments determined on individual basis, held by the company as the same is considered temporary in nature as the investments have been made for a long term.
- ii) National Saving Certificates and Kishan Vikas Patra have been lodged with various authorities as margin deposit and security money.

### 13. LONG TERM LOANS AND ADVANCES

#### Unsecured, Considered Good

Capital advances	-	166.55
Security Deposits	119.21	187.21
	<u>119.21</u>	<u>353.76</u>

## Notes to the Financial Statements for the year ended 31st March, 2016

(₹ in Lacs)

	As at March 31st, 2016	As at March 31st, 2015
<b>14. INVENTORIES</b>		
(As taken, valued and certified by the management)		
At cost or net realisable value, whichever is lower		
Raw Materials	6,609.86	4,089.10
Raw Materials in Transit	3.36	1,168.64
Finished Goods	3,169.07	7,367.46
Stores & Spares	225.58	314.36
	<u>10,007.87</u>	<u>12,939.55</u>
<b>(i) Details of closing finished goods inventories</b>		
PE Compound	1,995.98	6,742.02
PVC Compound	725.61	478.95
Agglomerates	206.14	41.61
Others	241.34	104.88
	<u>3,169.07</u>	<u>7,367.46</u>
<b>15. TRADE RECEIVABLES</b>		
<b>(Unsecured-considered good)</b>		
Outstanding for a period exceeding 6 months		
from the date they are due for payment	1,046.58	1,595.03
Others	36,336.20	22,058.60
	<u>37,382.77</u>	<u>23,653.63</u>
<b>16. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalent</b>		
Cash on Hand (As certified by the management)	112.19	94.82
<b>Balances with banks</b>		
In Current Accounts	541.26	1,745.10
In EEFC Accounts	250.74	58.80
In Margin & Guarantee Deposits	1,831.58	1,695.31
In Unpaid Dividend Account	41.92	60.36
	<u>2,777.69</u>	<u>3,654.39</u>

## Notes to the Financial Statements for the year ended 31st March, 2016

(₹ in Lacs)

	As at March 31st, 2016	As at March 31st, 2015
<b>17. SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured -Considered good)</b>		
(Recoverable in cash or kind or for value to be received)		
Prepaid Expenses	190.70	171.86
Balance with Government Authorities	5,050.78	4,252.61
Inter-corporate deposits	32.28	103.31
Advance to Suppliers	-	-
Other Loans and Advances	1,054.25	14,269.45
	<b>6,328.02</b>	<b>18,797.23</b>
<b>18. OTHER CURRENT ASSETS</b>		
Interest accrued on deposits	34.23	111.97
Tangible Fixed Assets (Intended for sale to be realised within 1 Year)	-	3,137.00
	<b>34.23</b>	<b>3,248.98</b>
<b>19. REVENUE FROM OPERATIONS</b>		
Sale of products (Refer Note (i) below);	200,314.03	185,028.40
Sale of Scrap (Non Operating)	231.08	-
Job Work Income		
	<b>200,545.11</b>	<b>185,028.40</b>
Less : Excise Duty	14,774.16	13,710.26
	<b>185,770.95</b>	<b>171,318.14</b>
<b>(i) Particulars of sale of products:</b>		
<u>Particulars</u>		
PE Compound	107,136.20	120,362.74
PVC Compound	42,758.46	36,493.84
Others	50,650.45	28,171.82
	<b>200,545.11</b>	<b>185,028.40</b>
<b>20. OTHER INCOME</b>		
<b>Interest Income</b>		
Interest Income	186.45	197.67
Export Incentive	149.17	35.93
Insurance Claim received	6.19	23.47
Rent	0.65	0.50
Profit On Sale Of Assets	487.68	(19.74)
Miscellaneous Receipts	3.58	3.96
Commission Received	1,053.20	1,346.14
	<b>1,886.93</b>	<b>1,587.93</b>

## Notes to the Financial Statements for the year ended 31st March, 2016

(₹ in Lacs)

	As at March 31st, 2016	As at March 31st, 2015
<b>21. COST OF MATERIALS CONSUMED</b>		
Raw materials consumed		
LLDPE/ LDPE	61,281.83	87,259.39
PVC Resin	28,830.72	18,750.25
Plastic Scrap	156.32	123.48
Other items	71,141.50	51,777.45
	<b>161,410.37</b>	<b>157,910.56</b>
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening inventories of Finished Goods	7,367.46	2,536.77
Less: Closing inventories of Finished Goods	(3,169.07)	(7,367.46)
(Increase)/ Decrease	<b>4,198.38</b>	<b>(4,830.68)</b>
<b>23. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries Wages & Bonus	1,762.54	1,984.56
Contribution to Provident and other Funds	99.73	25.43
Staff Welfare Expenses	80.24	74.55
	<b>1,942.51</b>	<b>2,084.53</b>
<b>24. FINANCE COSTS</b>		
(a) Interest on borrowings	4,031.16	2,452.27
(b) Interest on others	189.77	73.10
(c) Other borrowing costs	883.69	1,053.57
	<b>5,104.62</b>	<b>3,578.93</b>
<b>25. OTHER EXPENSES</b>		
Consumption of stores and spares	133.85	202.34
Power & Fuel	1,942.45	1,951.24
Clearing and Forwarding charges	1,050.93	941.38
Rent	277.11	296.82
Repair & Maintenance - Building	31.77	18.28
Repair & Maintenance - Machinery	460.27	290.84
Repair & Maintenance - Others	138.66	56.99
Insurance Charges	170.52	97.74
Rates & Taxes	90.72	28.92
Carriage and freight	944.94	749.67
Payments to auditors (Refer Note (i) below)	3.75	3.75
Baddebts/Advances Written Off	162.91	2.05
Selling & Distribution Expenses	2,857.19	3,373.57
Miscellaneous expenses	916.35	747.55
	<b>9,181.42</b>	<b>8,761.13</b>
<b>(i) Auditors' remuneration and expenses</b>		
Audit fees	3.10	3.10
Tax audit fees	0.65	0.65
Fees for other services	-	-
Reimbursement of out-of-pocket expenses	-	-
	<b>3.75</b>	<b>3.75</b>

## Notes to the Financial Statements for the year ended 31st March, 2016

(₹ in Lacs)

	As at <u>March 31, 2016</u>	As at <u>March 31, 2015</u>
<b>26. CONTINGENT LIABILITIES</b>		
Bank Guarantee	612.54	725.31
<b>Total</b>	<u>612.54</u>	<u>725.31</u>
<b>27. CAPITAL AND OTHER COMMITMENTS</b>		
<b>Capital Commitments</b>		
Estimated value of contracts in capital account remaining to be executed and not provided for (Net of advances)	140.28	1,255.56
<b>Other Commitments</b>		
Letter of Credit	10,561.38	5,680.19
<b>Total</b>	<u>10,701.66</u>	<u>6,935.75</u>
<b>28 EARNING PER SHARE</b>		
<b>A) Net Profit before Tax for basic earning per share (Fully attributable to equity shareholders)</b>	1,139.35	441.33
Adjustment for the purpose of Diluted Earning Per Share	-	-
<b>B) Weighted average number of Equity Shares for earning per share computation</b>	940,72,930	940,72,930
i Number of equity Shares at the beginning of the Year	-	-
ii a) Number of equity Shares allotted during the Year	-	-
b) Number of Equity Shares to be allotted on amalgamation.	-	-
iii weighted average Number of Equity Shares allotted during the year.	-	-
iv Number of Potential Equity Shares		
v Weighted average for:		
a) Basic Earning per Share	940,72,930	940,72,930
b) Diluted Earning per Share	940,72,930	940,72,930
<b>C) Earning Per Share</b>		
i Basic	1.21	0.47
ii Diluted	1.21	0.47
<b>D) Face Value Per Share (₹) (Face Value restated) *</b>	2.00	2.00

\* Pursuant to the sub-division of the Equity shares of the Company, each Equity share of the face value of ₹ 10/- was subdivided into 5 Equity shares of the face value of 2/- each fully paid up w.e.f. May 22, 2015 and it ranks pari-passu in all respect with existing fully paid up Equity Shares of ₹ 10/- each. In view of the same, for the purpose of ease of comparison, EPS for previous year have also been recomputed considering face value of ₹ 2/- per share.

## Notes to the Financial Statements for the year ended 31st March, 2016

### 29. VALUE OF IMPORTED AND INDIGENEOUS MATERIAL CONSUMED

(₹ in Lacs)

Particulars	March 31, 2016		March 31, 2015	
	₹	% of Total Consumption	₹	% of Total Consumption
<b>Raw Materials</b>				
i Imported	66,012.92	41%	47,031.23	30%
ii Indigeneous	95,397.45	59%	110,879.33	70%
	<b>161,410.37</b>	<b>100%</b>	<b>157,910.56</b>	<b>100%</b>
<b>Store, Spare parts and Components</b>				
i Imported	73.62	44%	88.17	67%
ii Indigeneous	60.23	56%	114.17	33%
<b>Total</b>	<b>133.85</b>	<b>100%</b>	<b>202.34</b>	<b>100%</b>

### 30. VALUE OF IMPORTS ON CIF BASIS

<u>Particulars</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Raw Materials	66,220.22	47,031.23
Stores, Spare parts and Components	132.97	88.17
Capital Goods	1,420.16	270.54
<b>Total</b>	<b>67,773.35</b>	<b>47,389.94</b>

### 31. EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)

Exports at FOB Value	42,370.19	30,006.22
<b>Total</b>	<b>42,370.19</b>	<b>30,006.22</b>

### 32. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Travelling	82.78	22.28
Exhibition	12.23	85.87
Interest	859.89	1,043.66
Other Matters	10.70	51.45
<b>Total</b>	<b>965.59</b>	<b>1,203.26</b>



## Notes to the Financial Statements for the year ended 31st March, 2016

### 33. EMPLOYEE BENEFITS

(₹ in Lacs)

- i Provision for defined contribution plan viz. Provident and Other Fund amounting to ₹ 99.73 lacs (Previous Year ₹ 25.43 lacs) has been charged to the Profit and Loss Account during the year.
- ii Description of type of employee benefits: The Company offers to its employees defined benefits plans in the form of Gratuity and leave encashment. Fund is created for payment of gratuity. However, no fund is created for payment of leave wages, the Company would pay the same out of its own funds as and when the same becomes payable.

Particulars	March 31, 2016	March 31, 2015
<b>Changes in present value of obligation</b>		
Present value of obligation as at beginning of the year	107.04	108.33
Add: Present obligation of transferor company		
Interest Cost	9.88	9.69
Current Service Cost	19.36	15.90
Past Service Cost		
Benefits Paid	(24.87)	(4.21)
Actuarial (gain)/Loss on obligation	27.76	(22.67)
<b>Present Value of Obligation at the end of the year</b>	<b>139.16</b>	<b>107.04</b>
<b>Changes in fair value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	103.80	84.67
Expected Return on Plan Assets	8.02	8.48
Contributions	10.68	15.31
Benefits Paid	(24.87)	(4.21)
Actuarial (gain)/loss	(0.88)	(0.45)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>96.75</b>	<b>103.80</b>
<b>Present value of the Defined Benefit Obligation and the fair value of Plan Assets</b>		
Present value of obligation at the end of the year	139.16	107.04
Fair value of plan assets at the end of the year	96.75	103.8
<b>Liabilities /(Assets) recognised in Balance Sheet</b>	<b>42.41</b>	<b>3.24</b>

- iii Para 132 of AS-15 (Revised 2005) does not require any specific disclosure except where expenses resulting from compensated absence is of such size, nature or incidence that disclosure is relevant under Accounting Standard 5 or Accounting Standard 18 and accordingly the expenses resulting from compensated absence is not significant and hence no disclosures are given under various paragraphs of AS-15.
- iv **The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below:**

Particulars	March 31, 2016	March 31, 2015
Discount Rate	8.00%	8.00%
Expected Rate of Return on Assets	8.00%	9.00%
Future Salary Escalation Rate	6.00%	5.00%
Mortality Rate	21.18	21.74
<b>Expense recognised in the Profit and Loss Account</b>	<b>21.40</b>	<b>21.96</b>

## Notes to the Financial Statements for the year ended 31st March, 2016

34. PARTICULARS OF FORWARD CONTRACT OUTSTANDING AND UN-HEDGED FOREIGN CURRENCIES EXPOSURE:  
(₹ in Lacs)

Particulars		FY 2015-16	FY 2014-15
Forward Contract outstanding	USD	6,531,250	13,031,250
Foreign Currency Loan	₹	3,821	7,444
<p>The Company also uses derivative contracts other than forward contracts to hedge the interest rate and currency risk on its capital account. Such transactions are governed by the strategy approved by the Board of Directors which provides principles on the use of these instruments, consistent with the Company's Risk Management Policy. The Company does not use these contracts for speculative purposes.</p>			
Outstanding derivative contract for Interest Rate and Currency Swaps	USD	6,531,250	13,031,250
	₹	3,821	7,444
Un-hedged Foreign Currency Exposure			
a) Foreign Currency Loan	USD	-	3976790
	₹	-	2489
	EURO	-	3357500
	₹	-	2267
b) Trade Payables	USD	7,878,322	3,039,810
	₹	5,226	1,903
	EURO	87,876	-
	₹	66	-
c) Trade Receivables	USD	6,224,503	5,404,399
	₹	4,129	3,383
	EURO	390,600	62,430
	₹	293	42
d) Other Liabilities	USD	-	28,151
	₹	-	18

## Notes to the Financial Statements for the year ended 31st March, 2016

### 35. SEGMENT REPORTING

- i. **Primary Segment (Business Segment):** The Company operates in a single reportable segment (i.e. Manufacturing and sale of PVC and XLPE compound, which have similar risk and returns for the purpose of AS 17 on 'Segment Reporting' issued by ICAI.
- ii. **Secondary segment (by Geographical demarcation):**

Particulars	March 31, 2016	March 31, 2015
<b>Segment Revenue</b>		
Domestic	143,400.76	141,311.92
Overseas	42,370.19	30,006.22
<b>Segment Assets</b>		
<b>Trade Receivables</b>		
Domestic	33,791.49	19,536.65
Overseas	3,591.28	4,163.96

**Note:** The Company has common assets for producing goods for domestic market and overseas markets. Hence, separate figures for other assets / additions to other assets has not been furnished.

### 36 RELATED PARTY DISCLOSURES

As per Accounting Standard 18 on related party disclosure issued by the Institute of Chartered Accountants of India, the transaction with related parties of the company are as follows.

Related Parties with whom the company had transactions during the year

**Key Management Personnel :** Mr. Narrindra Suranna, Mr. Rajesh Kumar Kothari

**Relatives of Key Management Personnel :** Mrs. Tara Devi Surana, Mrs. Sarla Devi Surana, Mr. Surendra Kumar Surana, Mr. Dev Krishna Surana

**A Shareholder holding more than 20% of Equity Shares of the Company :** Sriram Financial Consultants Pvt. Ltd

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2016

(₹ in Lacs)

Particulars		March 31, 2016	March 31, 2015
<b>(A) Key Management Personnel</b>			
Remuneration Paid	Mr. Narrindra Suranna	31.20	28.80
	Mr. Rajesh Kumar Kothari	18.76	17.57
	Mr. P.R.Mukherjee	17.00	8.00
Dividend Paid	Mr. Narrindra Suranna		
Outstanding as at the year end			
<b>(B) Relatives of Key Management Personnel</b>			
Dividend Paid	Mrs. Tara Devi Surana	-	-
	Mrs. Sarla Devi Surana	-	-
	Mr. Dalam Chand Surana	-	-
	Mr. Surendra Kumar Surana	-	-
	Mr. Dev Krishna Surana	-	-

## Notes to the Financial Statements for the year ended 31st March, 2016

Particulars	March 31, 2016	March 31, 2015
<b>(C) A Shareholder holding more than 20% of Equity Shares of the Company</b>		
Dividend Paid	Sriram Financial Consultants Pvt. Ltd -	-

\* The amount is below the roundoff norms as adopted by the Company.

37. The provision for Income Tax has been made U/s 115JB of Income Tax Act.
38. Previous years figures have been reclassified to confirm to current years classifications.

For **B. Mukherjee & Co.**  
Chartered Accountants  
Firm Registration No:302096E

**B. Mukherjee**  
Partner  
Membership No.002941  
Date : 30th May, 2016  
Place : Kolkata

*For and on behalf of the Board of Directors*

**Narrindra Suranna**  
(DIN 00060127)  
*Chairman and Managing Director*

**A. B. Chakrabarty**  
(Membership No. FCS 7184)  
*Company Secretary*

**Rajesh Kumar Kothari**  
(DIN 02168932)  
Whole Time Director

**Indar Chand Dakalia**  
*Chief Financial Officer*