



DAIKAFIL
CHEMICALS INDIA LIMITED

24th ANNUAL REPORT

2015-2016

CIN: L24114MH1992PLC067309

DAIKAFFIL

BOARD OF DIRECTORS

| | |
|---------------------|--|
| Sudhir Patel | (Non Executive Chairman) |
| Amit Patel | (Managing Director) |
| Aditya Patel | (Jt. Managing Director & C.F.O.) |
| Jagdish Vasa | (Independent Director) |
| Giuseppe Seccomandi | (Director) |
| Hiroshige Tanaka | (Independent Director) |
| Rajiv Gandhi | (Alternate Director to Director) |
| Sunil Merchant | (Alternate Director to Independent Director) |
| Maithili Siswawala | (Director) |

KEY MANAGERIAL PERSONAL

| | |
|-------------------|---------------------------|
| Amit Patel | (Managing Director) |
| Aditya Patel | (Chief Financial Officer) |
| Amita Vishwakarma | (Company Secretary) |

BANKERS

Karnataka Bank Limited

SECRETARIAL AUDITOR

Mr. Dinesh Kumar Deora (Practicing Company Secretary)

AUDITORS

| | |
|--------------------------|----------------------|
| Manish Patel and Company | (Statutory Auditors) |
| JMT & Associates | (Internal Auditors) |

REGISTRARS AND SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai - 400
078

CORPORATE OFFICE

52, Nariman Bhavan, Nariman Point, Mumbai 400 021

REGISTERED OFFICE AND PLANT

Plot No.E-4, M.I.D.C. Tarapur, Boisar, Dist: Palghar – 401 506.

ANNUAL GENERAL MEETING

| | |
|---------------|--|
| Date: | September, 2nd 2016 |
| Time: | 10.00 A.M. |
| Venue: | E-4, M.I.D.C. Tarapur, Boisar, District Palgarh, Maharashtra-401506 |

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Members are requested to direct all correspondence relating to shares matters to the Company Registrars and Share Transfers Agents

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of **DAIKAFFIL CHEMICALS INDIA LIMITED** will be held on Friday, the 2nd Day of September 2016 at 10.00 A.M. at E-4, M.I.D.C. Tarapur, Boisar, District Palgarh, Maharashtra-401506 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a. The Standalone Audited Financial Statements for the financial year ended 31st March, 2016 including the Audited Balance Sheet as at 31st March, 2016 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
 - b. The Consolidated Audited Financial Statements for the financial year ended 31st March, 2016 including the Audited Balance Sheet as at 31st March, 2016 and Statement of Profit & Loss for the year ended on that date and the Report of the Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2016.
3. To appoint a Director in place of Mr. Aditya Patel, who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Statutory Auditors and fix their remuneration and in this regard
“**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors, appointment of M/s. Manish Patel and Company, Chartered Accountants, Mumbai, (Registration No. 126272W), as the Statutory Auditor, is hereby ratified to hold office from conclusion of this meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors, in addition to the service tax and actual out of pocket expenses incurred in connection with the audit of the accounts of the Company to be reimbursed for the financial year ending 31st March, 2016.”

SPECIAL BUSINESS:

5. To consider and to pass the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** in partial modification of ordinary resolution passed in 23rd Annual General Meeting held on 21st August 2015, and pursuant to the provisions of Section 197, 198 read with schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (as may be re-enacted or modified from time to time), and as recommended by Nomination and Remuneration Committee, consent of the Company be and is hereby accorded to the revision in the terms and conditions including remuneration payable to Mr. Amit Patel, Managing Director for the remainder period of his term i.e. up to 31st December 2017, as mentioned below:

A. REMUNERATION:

- (i) Basic Salary of ₹ 51,000/- (Rupees Fifty One Thousand only) per month w.e.f 1st April 2016 subject to such increments as the Board/Committee of Directors may decide from time to time.
- (ii) Commission : As May be decided by the Board of Directors at the end of each year calculated with reference to the net profit of the Company during the financial year, subject to overall ceiling as prescribed in Section 197 of the Companies Act 2013. The Board of Directors has decided to pay commission of ₹ 7,25,000/- (Rupees Seven Lakhs Twenty Five Thousand only) for the financial Year 2015-2016
- (iii) Bonus as per rules & regulations of the Company and at the discretion of the Board of Directors.

B. PERQUISITES & ALLOWANCES:

The Managing Director shall be entitled to the following perquisites and benefits:

- i. Accommodation (furnished/unfurnished) or House Rent Allowance in lieu thereof;
- ii. Maintenance and upkeep, all monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water;
- iii. Reimbursement of actual expenditure on medical treatment for self and dependent family members;
- iv. Leave travel for self and dependent family members;
- v. Subscription to Club fees and other expenses incurred at the club;
- vi. Medical/accident insurance;
- vii. Car with Driver maintained and fuelled by the Company for the use of Mr. Amit Patel and his family;
- viii. Other perquisites subject to overall ceiling of remuneration stipulated in Section 197 of the Companies Act, 2013.

C. SITTING FEES

Managing Director shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

D. OTHER TERMS AND CONDITIONS:

- i. The terms and conditions of appointment of Executive Chairman may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.
- ii. Total Remuneration of Mr. Amit Patel in any financial year shall not exceed 5% of the net profit of the Company during that year.

6. To consider and to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT in partial modification of ordinary resolution passed in 23rd Annual General Meeting held on 21st August 2015, and pursuant to the provisions of Section 197, 198 read with schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (as may be reenacted or modified from time to time), and as recommended by Nomination and Remuneration Committee, consent of the Company be and is hereby accorded to the revision in the terms and condition including remuneration payable to Mr. Aditya Patel, Jt. Managing Director and Chief Financial Officer for the remainder period of his term i.e. up to 31st May 2018, as mentioned below:

A. REMUNERATION:

- (i) Basic Salary of ₹ 38,500/- (Rupees Thirty Eight thousand and Five hundred Only) per month subject to such increments as the Board/Committee of Directors may decide from time to time.
- (ii) Commission : As May be decided by the Board of Directors at the end of each year calculated with reference to the net profit of the Company during the financial year, subject to overall ceiling as prescribed in section 197 of the Companies Act 2013. The Board of Directors has decided to pay commission of ₹ 5,50,000/- (Rupees Five Lakhs Fifty thousand) for the financial Year 2015-2016.
- (iii) Bonus as per rules & regulations of the Company and at the discretion of the Board of Directors.

B. PERQUISITES & ALLOWANCES:

The Jt. Managing Director & C.F.O. shall be entitled to the following perquisites and benefits:

- i. Accommodation (furnished/unfurnished) or House Rent Allowance in lieu thereof;
- ii. Maintenance and upkeep, all monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water;
- iii. Reimbursement of actual expenditure on medical treatment for self and dependent family members;
- iv. Leave travel for self and dependent family members;
- v. Subscription to Club fees and other expenses incurred at the club;
- vi. Medical/accident insurance;
- vii. Car with Driver maintained and fuelled by the Company for the use of Mr. Aditya Patel and his family;
- viii. Other perquisites subject to overall ceiling of remuneration stipulated in Section 197 of the Companies Act, 2013.

C. SITTING FEES

The Jt. Managing Director & C.F.O. shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

D. OTHER TERMS AND CONDITIONS:

The terms and conditions of appointment of Executive Chairman may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

Total Remuneration of Mr. Aditya Patel in any financial year shall not exceed 5% of the net profit of the Company during that year.

By Order of the Board of Directors
For DAIKAFFIL CHEMICALS INDIA LIMITED

AMIT J. PATEL
(MANAGING DIRECTOR)
(DIN: 00005232)

Registered Office:

E-4, M.I.D.C. Tarapur,
Boisar, District Palgarh
Maharashtra-401506

Date: May 13, 2016

Place: Mumbai

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. **THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESS UNDER ITEM NO 5 TO 6 AS STATED ABOVE IN ANNEXED HERETO.**
3. The Register of Members and the Shares Transfer Books of the Company will be closed from the Saturday, 27th day of August, 2016 to Friday, the 2nd day of September, 2016 (both days inclusive).
4. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 2nd September, 2016 to those Members whose names stand registered on the Company's Register of Members:
 - (i) As Beneficial Owners as at the end of the business hours on 29th August, 2016 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in Dematerialized form.
 - (ii) As Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before 29th August, 2016
5. The members are requested to:
 - (a) Intimate to the Company's Registrars and Share Transfer Agents M/s Link Intime India Private Limited (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date;
 - (b) Quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;
 - (c) Approach the Company for consolidation of folios, if shareholdings are under multiple folios;
 - (d) Get the shares transferred in joint names, if they are held in single name to avoid in convenience;
 - (e) Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
 - (f) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
 - (g) Furnish their Bank Account Number, the name of the Bank and the Branch where they would like to deposit the Dividend Warrants for encashment. These particulars will be printed on the cheque portion of Dividend Warrants, besides the name of the Shareholders so as to avoid fraudulent encashment of warrants. The above mentioned details should be furnished by the first / sole shareholder, directly to the Registrar & Share Transfer Agents, quoting the folio number.
6. 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.
7. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
9. Consequent upon the introduction of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the Registrar and Transfer Agents, M/s Link Intime India Private Limited.
10. Pursuant to provisions of Section 124(5) of the Companies Act, 2013, dividend for the financial year ended March 31, 2009 and thereafter, which remains unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund established by the Central Govt.
Information in respect of such unclaimed dividend when due for transfer to the fund is given below:

| Financial Year | Date of Declaration | Date of Transfer |
|-----------------------|----------------------------|-------------------------|
| 2008-2009 | 30-09-2009 | 06-11-2016 |
| 2009-2010 | 28-07-2010 | 03-09-2017 |
| 2010-2011 | 30-09-2011 | 06-11-2018 |
| 2011-2012 | 28-09-2012 | 03-09-2019 |
| 2012-2013 | 27-09-2013 | 03-10-2020 |
| 2013-2014 | 26-09-2014 | 03-10-2021 |
| 2014-2015 | 21-08-2015 | 25-09-2022 |

Shareholders who have not encashed the dividend warrant(s) are requested to seek issue of duplicate dividend warrants by writing to the Company.

Shareholders are requested to note that no claims shall lie against the Company or the said fund in respect of any amount which were unclaimed and unpaid for a period of seven years from the dates that they became due for payment and no payment shall be made in respect of any such claims.

11. The Annual Report of the Company for the year 2015-2016 is also uploaded on the Company's website (www.daikaffil.com)
12. Members are requested to notify any changes in address, signature or other bank particulars for their shares in electronic mode to their respective Depository Participant and for their physical holdings to the Registrar & Share Transfer Agent of the Company i.e. M/s. Link Intime India Private Limited.
13. Members are requested to direct all correspondence relating to share matters to the Company's Registrars and Share Transfer Agents.
14. **MEMBERS WHO HAVE NOT REGISTERED THEIR E-MAIL ADDRESSES SO FAR ARE REQUIRED TO REGISTER THEIR E-MAIL ADDRESS FOR RECEIVING ALL COMMUNICATIONS INCLUDING ANNUAL REPORT, NOTICES ETC FROM THE COMPANY ELECTRONICALLY.**
15. In accordance with provision of section 108 of the Companies Act 2013 read with the Companies (Management and Administration) Rules, 2014 the business proposed for the ensuing general Meeting, may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of **CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED** ("CDSL") to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link <https://www.evotingindia.com/> during the following voting period.

a) Commencement of E-Voting: 30th August 2016 (10.00 A.M onwards)

b) End of e-voting: 1st September 2016 (till 5.00 P.M.)

During the E-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date may cast their vote electronically. The cutoff date for the limited purpose of e-voting is 26th August, 2016. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company along with physical copy of the notice.

Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

- PAN Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
- 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 last 8 digits of the demat account/folio number in the PAN field.
 - In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.

| | |
|-----------------------|---|
| DOB | Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field. |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xviii) 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 on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**By Order of the Board of Directors
For DAIKAFFIL CHEMICALS INDIA LIMITED**

AMIT PATEL
(MANAGING DIRECTOR)
(DIN: 00005232)

Registered Office:
E-4, M.I.D.C. Tarapur,
Boisar, District Palgarh
Maharashtra-401506
Date: May 13, 2016
Place: Mumbai

EXPLANATORY STATEMENT IN RESPECT OF ITEMS NOS. 5 TO 6 OF THE NOTICE PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The Board of directors at their meeting held on the 13th Day of May 2016, subject to approval of members of the Company, has accorded its approval to revision in the remuneration of Mr. Amit Patel, Managing Director and Mr. Aditya Patel, Jt. Managing Director & C.F.O. (herein after referred to 'the Executive Directors') by way of payment of commission, for the remaining tenure of the both the Directors. The same was approved by the Nomination and Remuneration Committee at its meeting held on 13th Day of May 2016 and was recommended to the Board for its approval. While approving the revised remuneration of the Executive Directors, the Nomination and Remuneration Committee considered various parameters which, inter alia, includes, the scale of operations of the Company and increased involvement of Executive Directors for the overall growth of the Company and subject to the availability of profit as calculated under section 198 of Companies Act 2013 with a view to ensure objectivity in determining the remuneration package as well as maintaining a balance between interest of the Company and shareholders.

Pursuant to provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof) and applicable clauses of the Articles of Association of the Company, the above said revision in remuneration requires approval of members of the Company in a General Meeting by way of Ordinary Resolution. Accordingly, the resolutions set out at item nos. 5 & 6 of the notice are recommended to be passed as ordinary resolution(s).

Mr. Amit Patel and Mr. Aditya Patel are interested in the said resolutions to the extent of their shareholding. None of the others Directors are in any way concerned and interested in the aforesaid resolutions.

ANNEXURE TO ITEM 3 OF THE NOTICE

The particulars of Directors, who are proposed to be appointed / re-appointed at this Annual General Meeting, are given below, as required pursuant to Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015:

| | |
|--|---|
| Name of Director | Aditya Patel |
| DIN | 00005276 |
| Designation | Jt. MD & C.F.O. |
| a) A brief resume of the Director: | |
| Date of Birth | 06-10-1979 |
| Date of Appointment | 14-08-2012 |
| b) Nature of his expertise in specific functional areas; | Businessman Having experience in Chemical Industry |
| c) Names of other companies in which he holds: | |
| (i) Directorship of Board | Caffil Private Limited Erca Speciality Chemicals Private Limited |
| (ii) Membership of the Committees of Board | -- |
| d) No. of shares held in the Share Capital of the Company | 1,04,499 |

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 24th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

1. FINANCIAL RESULT

| | 2015-2016 | 2014-2015 |
|---|----------------------|---------------------|
| | (Rupees) | (Rupees) |
| Sales etc. and other income | 27,99,21,280 | 34,30,70,013 |
| Profit before Depreciation, Interest and Tax | 3,66,50,232 | 2,77,27,908 |
| Less: Depreciation | 39,70,152 | 41,73,426 |
| Interest | 8,77,661 | 19,71,586 |
| | 4,847,813 | 61,45,012 |
| Profit before Tax | 3,18,02,419 | 215,82,896 |
| Provision for Tax | | |
| Current Tax | (94,00,000) | (68,00,000) |
| Deferred Tax | (13,82,634) | 2,67,307 |
| Earlier Years | - | 4,93,385 |
| | (1,07,82,634) | (60,39,308) |
| Provision for Diminution in value of investment | - | (26,436) |
| Profit after Tax | 2,10,19,785 | 1,55,17,152 |
| Add: Balance Brought forward from the previous year | 3,15,46,996 | 2,61,84,944 |
| Profit available for Appropriation | 5,25,66,781 | 4,17,02,096 |
| Appropriation | | |
| Transfer to General Reserve | 25,00,000 | 25,00,000 |
| Proposed Dividend | 60,00,000 | 48,00,000 |
| Corporate Dividend Tax thereon | 12,28,800 | 9,83,040 |
| Effect of revision of life of fixed assets | - | 18,72,060 |
| Balance carried forward | 4,28,37,981 | 3,15,46,996 |
| | 5,25,66,781 | 4,17,02,096 |

2. OPERATIONS

During the year under review, your Company's Revenue from operations has declined by 20% i.e. from ₹ 34.30 crores in previous year to ₹ 27.99 crores. However, the Company has focused on the sales of Products with higher margin, which has resulted in 47% i.e. from ₹ 215.82 lacs in previous year to ₹318.02 lacs in current year.

3. DIVIDEND

The Board of Directors is pleased to recommend the dividend of ₹ 1/- per Equity share (on the face value of ₹ 10/- each) for the financial year ended 31st March, 2016.

4. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and regulation 17(10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, and Nomination and Remuneration Committee. A separate meeting of the Independent Directors was convened, which reviewed the performance of the Board, the Non-Independent Directors and the Chairman.

5. RISK MANAGEMENT POLICY

The Board has been vested with specific responsibilities in assessing of risk management policy, process and system. The Board has evaluated the risks which may arise from the external factors such as economic conditions, regulatory framework, competition etc. The Executive management has embedded risk management and critical support functions and the necessary steps are taken to reduce the impact of risks. The Independent Directors expressed their satisfaction that the systems of risk management are defensible.

6. DEPOSITS

The Company has not accepted any deposits from the public during the year under review. As on 31st March, 2016, no unclaimed deposits are lying with the Company.

7. CONSOLIDATED FINANCIAL STATEMENT

The Audited Consolidated Financial Statement for the financial year ended 31st March, 2016, based on the financial statement received from associate Company, as approved by their respective Board of Directors have been prepared in accordance with Accounting Standard (AS) - 21 on 'Consolidated Financial Statement' read with AS-23 on 'Accounting for Investments in Associates', notified under the Act, read with the Accounting Standards Rules as applicable is forming part of Annual Report.

8. STATUTORY AUDITORS

At the Annual General Meeting held on 21 August, 2015 M/s. Manish Patel and Company, Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2019-20. As required by the provisions of the Companies Act, 2013, their appointment should be ratified by members each year at the AGM. Accordingly, requisite resolution forms part of the notice convening the AGM.

The Company has received letters from them to the effect that their ratification, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. Your Directors recommend their appointment as Statutory Auditors of the Company.

9. AUDITORS REMARKS AND OBSERVATION

The observations of the Auditors and the relevant notes on the accounts are self-explanatory and therefore do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Further, during the year, in the course of the performance of their duties as auditor, no fraud were reported by them which they have reason to believe that an offence involving fraud has been committed against the Company by officers or employees of the Company.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 134 (3) (m) of the Companies Act, 2013 read together with the Rule 8 of the Companies (Accounts) Rules, 2014 the relevant information is given below.

Conservation of Energy and Technology Absorption

Your Company has installed a wet scrubber on boiler which will reduce the consumption of coal and more importantly protect the environment. This will minimize the carbon particles being released in the atmosphere. A tertiary treatment plant on line to reduce the water pollution load has also been installed.

The electrical instruments have been connected on line which has reduced the power consumption. Our Japanese collaborators have guided us on regular basis and there by conserve energy and reduce our waste water load.

Foreign Exchange Earnings and Outgo:

| | (₹ in Lacs) |
|----------------------------|-------------|
| Foreign Exchange Earnings: | 1705.09 |
| Foreign Exchange Outgo | 588.75 |

11. DIRECTORS:

There were no changes in Board of Directors during the financial year 2015-2016

Mr. Aditya Patel, retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment

Declaration by Independent Director(s)

The Company has received declarations from all Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under section (6) of section 149 of the Companies' Act 2013.

12. PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS U/S 186:

The Company has not given any loans covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the notes to the financial statements.

13. **MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY**
There have been no material changes / events occurring after balance sheet date till the date of the report to be stated.
14. **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND AUDIT COMMITTEE**
During the financial year under review the Board met 4 times and Audit Committee met 4 times. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.
15. **SUBSIDIARY / ASSOCIATE COMPANY**
The Company has an Associate Company namely M/s Erca Speciality Chemicals Private Limited.
16. **RELATED PARTY TRANSACTIONS:**
During the period under review, the Company had not entered into any material transaction with any of its related parties. None of the transactions with any of the related parties were in conflict with the Company's interest. All related party transactions are negotiated on an arm's length basis and are intended to further the Company's interest.
17. **DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS & EMPLOYEES**
The Company has established a Vigil Mechanism that enables the Directors and Employees to report genuine concerns. The Vigil Mechanism provides for (a) adequate safeguards against victimization of persons who use the Vigil Mechanism; and (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases. Details of the Vigil Mechanism policy are made available on the Company's website www.daikaffil.com
18. **NOMINATION AND REMUNERATION COMMITTEE**
During the financial year under review 1 (one) meeting of the Committee was held. The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.
19. **DIRECTORS' RESPONSIBILITY STATEMENT**
Your Directors make the Directors' Responsibility Statement in terms of Section 134(3) (c) of the Companies Act, 2013 and confirm that—
- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
 - ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
 - iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
 - iv) The Directors have prepared the annual accounts on a going concern basis.
 - v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
 - vi) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
20. **PARTICULARS OF EMPLOYEES**
The Company does not have any employee whose particulars are required to be given pursuant to Rule, 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company.
21. **PERSONNEL:**
Industrial relations at the Company's factory and other establishments remained cordial during the year. We appreciate the contribution made by the employees towards achieving improved productivity and flexibility in operation.
22. **ACKNOWLEDGEMENT:**
The Directors wish to place on record their appreciation for the continued support and co-operation by Government Authorities, Financial Institutions, Banks and our valued customers along with dedicated service of all the workers, staff and the officers, whose continuous support is a pillar of strength which have largely contributed to the efficient management of the Company. Suffice it to say, that your co-operation as our shareholders is hereby acknowledged with gratitude.

For and On Behalf of the Board of Director,
DAIKAFFIL CHEMICALS INDIA LIMITED

AMIT PATEL
Managing Director
(DIN: 00005232)

ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

Date: May 13, 2016
Place: Mumbai

ANNEXURES TO THE DIRECTORS' REPORT

- 1) **EXTRACT OF THE ANNUAL RETURN**
The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as “**Annexure A**”
- 2) **SECRETARIAL AUDIT REPORT**
Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Dinesh Kumar Deora, (Membership No. FCS 5683, COP No. 4119) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report in Form MR – 3 is annexed herewith as “**Annexure B**”
- 3) **CORPORATE GOVERNANCE**
The Company has made a non mandatory disclosures in compliance with corporate governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and under regulation 34(3) of the SEBI (LODR) Regulations, 2015 which is forming part of annual report. The Corporate Governance are set out as separate “**Annexure C**” together with the Certificate from the Auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in part E of Schedule V of aforesaid regulation.
- 4) **MANAGEMENT DISCUSSION & ANALYSIS REPORTS**
The Management Discussion & Analysis Report, as per Part B Schedule V under regulation 34(3) of the SEBI (LODR) Regulations, 2015 which form an integral part of this Report, is annexed herewith as “**Annexure D**”.
- 5) **DISCLOSURE ON REMUNERATION OF DIRECTORS / EMPLOYEES**
The information required under Section 197 read with Rule, 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company, is annexed herewith as “**Annexure E**”
- 6) **STATEMENT CONTAINING SALIENT FEATURES OF FINANCIAL STATEMET OF ASSOCIATE COMPANY**
The Statement pursuant to Section 129 (3) read with rule 5 of Companies (Accounts) Rules, 2014 of the Companies 2013 related to Associate Company in FORM AOC-1 is annexed herewith as “**Annexure F**”

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

| | | |
|---|--|---|
| 1 | CIN | L24114MH1992PLC067309 |
| 2 | Registration Date | 19/06/1992 |
| 3 | Name of the Company | DAIKAFFIL CHEMICALS INDIA LIMITED |
| 4 | Category/Sub-category of the Company | Company Limited by Shares Indian Non-Government Company |
| 5 | Address of the Registered office & contact details | E-4, M.I.D.C. Tarapur, Boisar Dist Palgarh Boisar - 401506 |
| 6 | Whether listed Company | Yes |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Ms Link Intime India Private Limited 0-13, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078. Tel Nos. 25963838, Fax Nos. 25946969 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the Company |
|--------|---|---------------------------------|------------------------------------|
| 1 | Manufacturing of industrial organic & Inorganic Chemicals | 300 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held |
|----|---|-----------------------|--------------------------------|------------------|
| 1 | ERCA SPECIALITY CHEMICALS PRIVATE LIMITED | U24119MH2008FTC184571 | ASSOCIATE | 25 |

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|----------------------------------|---|--------------|------------------|-------------------|---|--------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 1,290,249 | 100 | 1,290,349 | 23.90% | 1,290,249 | 25 | 1,290,274 | 21.50% | 0.01% |
| b) Central Govt | | | - | 0.00% | | | - | 0.00% | 0.00% |
| c) State Govt(s) | | | - | 0.00% | | | - | 0.00% | 0.00% |
| d) Bodies Corp. | 503,300 | - | 503,300 | 8.39% | 503,300 | | 503,300 | 8.39% | 0.00% |
| e) Banks / FI | | | - | 0.00% | | | - | 0.00% | 0.00% |
| f) Any other (P A C) | 143,500 | - | 143,500 | 0.00% | 143,500 | | 143,500 | 2.39% | 0.00% |
| Sub Total (A) (1) | 1,937,049 | 100 | 1,937,149 | 32.29% | 1,937,049 | 25 | 1,937,074 | 32.28% | 0.00% |
| (2) Foreign | | | | | | | | | |
| a) NRI Individuals | | | - | 0.00% | | | - | 0.00% | 0.00% |
| b) Other Individuals | | | - | 0.00% | | | - | 0.00% | 0.00% |
| c) Bodies Corp. | | | - | 0.00% | | | - | 0.00% | 0.00% |
| d) Any other | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Sub Total (A) (2) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| TOTAL (A) | 1,937,049 | 100 | 1,937,149 | 32.29% | 1,937,049 | 25 | 1,937,074 | 32.28% | 0.00% |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | | 1,500 | 1,500 | 0.03% | | 1,500 | 1,500 | 0.03% | 0.00% |
| b) Banks / FI | | 7,900 | 7,900 | 0.13% | | 7,900 | 7,900 | 0.13% | 0.00% |
| c) Central Govt | | | - | 0.00% | | | - | 0.00% | 0.00% |
| d) State Govt(s) | | | - | 0.00% | | | - | 0.00% | 0.00% |
| e) Venture Capital Funds | | | - | 0.00% | | | - | 0.00% | 0.00% |
| f) Insurance Companies | | | - | 0.00% | | | - | 0.00% | 0.00% |
| g) FIIs | | | - | 0.00% | | | - | 0.00% | 0.00% |
| h) Foreign Venture Capital Funds | | | - | 0.00% | | | - | 0.00% | 0.00% |
| i) Others (specify) | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Sub-total (B)(1):- | - | 9,400 | 9,400 | 0.16% | - | 9,400 | 9,400 | 0.16% | 0.00% |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 324,459 | 4,100 | 328,559 | 5.48% | 423,087 | 4,100 | 427,187 | 7.12% | 30.02% |
| ii) Overseas | | | - | 0.00% | | | - | 0.00% | 0.00% |

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| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|--|---|------------------|------------------|-------------------|---|------------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 1,153,115 | 225,550 | 1,378,665 | 22.98% | 1,266,876 | 223,725 | 1,490,601 | 24.84% | 8.12% |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 959,894 | 109,600 | 1,069,494 | 17.82% | 926,278 | 109,600 | 1,035,878 | 17.26% | -3.14% |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 28,392 | 44,500 | 72,892 | 1.21% | 42,461 | 44,500 | 86,961 | 1.45% | 19.30% |
| Non Resident Indians | 1,333 | | 1,333 | 0.02% | 1,483 | | 1,483 | | |
| Overseas Corporate Bodies | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Foreign Nationals | | 749,700 | 749,700 | 12.50% | | 749,700 | 749,700 | 12.50% | 0.00% |
| Clearing Members | 207,808 | | 207,808 | 3.46% | 16,716 | | 16,716 | 0.28% | -91.96% |
| Trusts | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Foreign Bodies - DR | | 245,000 | 245,000 | 4.08% | | 245,000 | 245,000 | 4.08% | 0.00% |
| Sub-total (B)(2):- | 2,675,001 | 1,378,450 | 4,053,451 | 67.56% | 2,676,901 | 1,376,625 | 4,053,526 | 67.56% | 0.00% |
| Total Public (B) | 2,675,001 | 1,387,850 | 4,062,851 | 67.71% | 2,676,901 | 1,386,025 | 4,062,926 | 67.72% | 0.00% |
| C. Shares held by Custodian for GDRs & ADRs | | | - | 0.00% | | | | 0.00% | 0.00% |
| Grand Total (A+B+C) | 4,612,050 | 1,387,950 | 6,000,000 | 100.00% | 4,613,950 | 1,386,050 | 6,000,000 | 100.00% | 0.00% |

(ii) Shareholding of Promoter

| Sr No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % 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 | |
| 1 | Patel Amit Jayant | 927,450 | 15.46 | 0 | 927,475 | 15.46 | 0 | 0.00% |
| 2 | Gita Amit Patel | 183,300 | 3.06 | 0 | 183,300 | 3.05 | 0 | 0.00% |
| 3 | Patel Aditya Amit | 104,599 | 1.74 | 0 | 104,499 | 1.74 | 0 | -0.10% |
| 4 | Nitin Prabhudas Bhagat | 50,000 | 0.83 | 0 | 50,000 | 0.83 | 0 | 0.00% |
| 5 | Mita Bhagat | 25,000 | 0.42 | 0 | 25,000 | 0.42 | 0 | 0.00% |
| 6 | Aruna Vinodchandra Merchant | 60,000 | 1.00 | 0 | 60,000 | 1.00 | 0 | 0.00% |
| 7 | Padmanabh Vinodchandra Merchant | 52,450 | 0.87 | 0 | 52,450 | 0.87 | 0 | 0.00% |
| 8 | Sishir Rasik Amin | 30,800 | 0.51 | 0 | 30,800 | 0.51 | 0 | 0.00% |
| 9 | Surbhi Kishore Tanna | 200 | 0.00 | 0 | 200 | 0.00 | 0 | 0.00% |
| 10 | Kishore Jagjivandas Tanna | 50 | 0.00 | 0 | 50 | 0.00 | 0 | 0.00% |
| 11 | Caffil Pvt Ltd | 503,300 | 8.39 | 0 | 503,300 | 8.39 | 0 | 0.00% |

(iii) Change in Promoters' Shareholding

| Sr No. | Name & Type Of Transaction | Shareholding at the beginning of the year - 2015 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2016 | |
|--------|----------------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No.of Shares Held | % of Total Shares of The Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares Of The Company |
| 1 | Patel Amit Jayant | 927450 | 15.4575 | | | 927450 | 15.4575 |
| | at the end of the year | | | 25 Mar 2016 | 25 | 927475 | 15.4579 |
| 2 | Caffil Private Limited | 503300 | 8.3883 | | | 503300 | 8.3883 |
| | at the end of the year | | | | | 503300 | 8.3883 |
| 4 | Gita Amit Patel | 183300 | 3.0550 | | | 183300 | 3.0550 |
| | at the end of the year | | | | | 183300 | 3.0550 |
| 5 | Patel Aditya Amit | 104499 | 1.7417 | | | 104499 | 1.7417 |
| | at the end of the year | | | | | 104499 | 1.7417 |
| 6 | Aruna Vinodchandra Merchant | 60000 | 1.0000 | | | 60000 | 1.0000 |
| | at the end of the year | | | | | 60000 | 1.0000 |
| 7 | Padmanabh Vinodchandra Merchant. | 52450 | 0.8742 | | | 52450 | 0.8742 |
| | at the end of the year | | | | | 52450 | 0.8742 |
| 8 | Nitin Prabhudas Bhagat | 50000 | 0.8333 | | | 50000 | 0.8333 |
| | at the end of the year | | | | | 50000 | 0.8333 |
| 9 | Sishir Rasik Amin | 30800 | 0.5133 | | | 30800 | 0.5133 |
| | at the end of the year | | | | | 30900 | 0.5150 |
| 10 | Mita Bhagat | 25000 | 0.4167 | | | 25000 | 0.4167 |
| | at the end of the year | | | | | 25000 | 0.4167 |
| 11 | Surbhi Kishore Tanna | 200 | 0.0033 | | | 200 | 0.0033 |
| | at the end of the year | | | | | 200 | 0.0033 |
| 12 | Kishore Jagjivandas Tanna | 50 | 0.0008 | | | 50 | 0.0008 |
| | at the end of the year | | | | | 50 | 0.0008 |
| 13 | Aditya A.Patel | 100 | 0.0017 | | | 100 | 0.0017 |
| | Transfer | | | 04 Mar 2016 | (70) | 30 | 0.0005 |
| | Transfer | | | 25 Mar 2016 | (30) | 0 | 0.0000 |
| | at the end of the year | | | | | 0 | 0.0000 |

Note: 1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is 6000000 Shares.

2. The details of holding has been clubbed based on PAN.

3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

(iv) Shareholding Pattern of top ten Shareholders

| Sr No. | Name & Type Of Transaction | Shareholding at the beginning of the year - 2015 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2016 | |
|--------|-------------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares Held | % of Total Shares of The Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of The Company |
| 1 | H.G.E. Chemical Company S.A. | 749700 | 12.4950 | | | 749700 | 12.4950 |
| | At the end of the year | | | | | 749700 | 12.4950 |
| 2 | Jain Pal Jain | 113025 | 1.8838 | | | 113025 | 1.8838 |
| | Market Buy | | | 01 Jan 2016 | 16615 | 129640 | 2.1607 |
| | at the end of the year | | | | | 129640 | 2.1607 |
| 3 | Pharmasynth Formulations Ltd. | 66266 | 1.1044 | | | 66266 | 1.1044 |
| | Market Buy | | | 09 Oct 2015 | 35912 | 102178 | 1.7030 |
| | at the end of the year | | | | | 102178 | 1.7030 |
| 4 | Vijay Gupta (HUF) | 99233 | 1.6539 | | | 99233 | 1.6539 |
| | at the end of the year | | | | | 99233 | 1.6539 |
| 5 | Vijay Prakash Gupta | 64340 | 1.0723 | | | 64340 | 1.0723 |
| | at the end of the year | | | | | 64340 | 1.0723 |
| 6 | Vijit Gupta | 61954 | 1.0326 | | | 61954 | 1.0326 |
| | at the end of the year | | | | | 61954 | 1.0326 |
| 7 | Harsha Hitesh Javeri | 17000 | 0.2833 | | | 17000 | 0.2833 |
| | Market Buy | | | 17 Apr 2015 | 18000 | 35000 | 0.5833 |
| | Market Buy | | | 12 Jun 2015 | 17000 | 52000 | 0.8667 |
| | Market Buy | | | 19 Jun 2015 | 7500 | 59500 | 0.9917 |
| | at the end of the year | | | | | 59500 | 0.9917 |
| 8 | D Nageshwar Venkat Rao | 51126 | 0.8521 | | | 51126 | 0.8521 |
| | at the end of the year | | | | | 51126 | 0.8521 |
| 9 | Aayushi Gupta | 43040 | 0.7173 | | | 43040 | 0.7173 |
| | at the end of the year | | | | | 43040 | 0.7173 |
| 10 | Monika H Patel | 42800 | 0.7133 | | | 42800 | 0.7133 |
| | At the end of the year | | | | | 42800 | 0.7133 |
| 11 | BP Equities Pvt. Ltd. | 180000 | 3.0000 | | | 180000 | 3.0000 |
| | Market Buy | | | 17 Apr 2015 | 1000 | 181000 | 3.0167 |
| | Market Sell | | | 22 May 2015 | (80) | 180920 | 3.0153 |
| | Market Sell | | | 29 May 2015 | (96) | 180824 | 3.0137 |
| | Market Sell | | | 05 Jun 2015 | (749) | 180075 | 3.0013 |
| | Market Sell | | | 12 Jun 2015 | (14456) | 165619 | 2.7603 |
| | Market Sell | | | 19 Jun 2015 | (6273) | 159346 | 2.6558 |
| | Market Sell | | | 26 Jun 2015 | (152346) | 7000 | 0.1167 |
| | Market Buy | | | 30 Jun 2015 | 1000 | 8000 | 0.1333 |

| Sr No. | Name & Type Of Transaction | Shareholding at the beginning of the year - 2015 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2016 | |
|--------|----------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No.of Shares Held | % of Total Shares of The Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of The Company |
| | Market Sell | | | 03 Jul 2015 | (999) | 7001 | 0.1167 |
| | Market Buy | | | 10 Jul 2015 | 9215 | 16216 | 0.2703 |
| | Market Sell | | | 17 Jul 2015 | (6805) | 9411 | 0.1569 |
| | Market Buy | | | 24 Jul 2015 | 16868 | 26279 | 0.4380 |
| | Market Sell | | | 31 Jul 2015 | (13279) | 13000 | 0.2167 |
| | Market Sell | | | 07 Aug 2015 | (12267) | 733 | 0.0122 |
| | Market Buy | | | 14 Aug 2015 | 15229 | 15962 | 0.2660 |
| | Market Sell | | | 21 Aug 2015 | (12874) | 3088 | 0.0515 |
| | Market Sell | | | 28 Aug 2015 | (200) | 2888 | 0.0481 |
| | Market Buy | | | 23 Oct 2015 | 6000 | 8888 | 0.1481 |
| | Market Buy | | | 30 Oct 2015 | 4000 | 12888 | 0.2148 |
| | Market Buy | | | 06 Nov 2015 | 400 | 13288 | 0.2215 |
| | Market Buy | | | 13 Nov 2015 | 1000 | 14288 | 0.2381 |
| | Market Buy | | | 20 Nov 2015 | 1000 | 15288 | 0.2548 |
| | Market Sell | | | 27 Nov 2015 | (1000) | 14288 | 0.2381 |
| | Market Sell | | | 04 Dec 2015 | (400) | 13888 | 0.2315 |
| | Market Sell | | | 11 Dec 2015 | (1938) | 11950 | 0.1992 |
| | Market Sell | | | 18 Dec 2015 | (2000) | 9950 | 0.1658 |
| | Market Sell | | | 25 Dec 2015 | (2888) | 7062 | 0.1177 |
| | Market Buy | | | 31 Dec 2015 | 2000 | 9062 | 0.1510 |
| | Market Sell | | | 08 Jan 2016 | (4000) | 5062 | 0.0844 |
| | Market Sell | | | 15 Jan 2016 | (62) | 5000 | 0.0833 |
| | Market Sell | | | 29 Jan 2016 | (2000) | 3000 | 0.0500 |
| | Market Buy | | | 11 Mar 2016 | 151 | 3151 | 0.0525 |
| | Market Buy | | | 18 Mar 2016 | 9 | 3160 | 0.0527 |
| | Market Sell | | | 25 Mar 2016 | (2989) | 171 | 0.0029 |
| | Market Buy | | | 31 Mar 2016 | 14 | 185 | 0.0031 |
| | at the end of the year | | | | | 185 | 0.0031 |
| 12 | Adroit Fin Ser Pvt Ltd | 108373 | 1.8062 | | | 108373 | 1.8062 |
| | Market Buy | | | 17 Jul 2015 | 1 | 108374 | 1.8062 |
| | Market Buy | | | 31 Jul 2015 | 100 | 108474 | 1.8079 |
| | Market Buy | | | 14 Aug 2015 | 200 | 108674 | 1.8112 |
| | Market Buy | | | 11 Sep 2015 | 305 | 108979 | 1.8163 |
| | Market Sell | | | 30 Sep 2015 | (350) | 108629 | 1.8105 |
| | Market Sell | | | 09 Oct 2015 | (91914) | 16715 | 0.2786 |

| Sr No. | Name & Type Of Transaction | Shareholding at the beginning of the year - 2015 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2016 | |
|--------|----------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares Held | % of Total Shares of The Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of The Company |
| | Market Sell | | | 11 Dec 2015 | (100) | 16615 | 0.2769 |
| | Market Sell | | | 07 Jan 2016 | (16615) | 0 | 0.0000 |
| | at the end of the year | | | | | 0 | 0.0000 |
| 13 | Dr Ramesh Chimanlal Shah | 51683 | 0.8614 | | | 51683 | 0.8614 |
| | Market Sell | | | 10 Apr 2015 | (1535) | 50148 | 0.8358 |
| | Market Sell | | | 17 Apr 2015 | (8465) | 41683 | 0.6947 |
| | Market Sell | | | 22 May 2015 | (1421) | 40262 | 0.6710 |
| | Market Sell | | | 26 Jun 2015 | (371) | 39891 | 0.6649 |
| | Market Sell | | | 30 Jun 2015 | (25) | 39866 | 0.6644 |
| | Market Sell | | | 03 Jul 2015 | (61) | 39805 | 0.6634 |
| | Market Sell | | | 10 Jul 2015 | (1201) | 38604 | 0.6434 |
| | Market Sell | | | 17 Jul 2015 | (5426) | 33178 | 0.5530 |
| | Market Sell | | | 24 Jul 2015 | (27678) | 5500 | 0.0917 |
| | Market Sell | | | 23 Oct 2015 | (5500) | 0 | 0.0000 |
| | at the end of the year | | | | | 0 | 0.0000 |

- Note: 1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is 6000000 Shares.
 2. The details of holding has been clubbed based on PAN.
 3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr No. | Shareholding Of Each Directors And Each Key Managerial Personnel | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year |
|--------|--|------------|-----------------------|---|-------------------|---|
| | | | | No. of shares | % of total shares | No. of shares |
| 1 | Amit Patel | | | | | |
| | at the beginning of the year | | | 927,450 | 15.46% | 927,475 |
| | changes during the year | 25/03/2016 | 25 Shares Purchased | | | 927,475 |
| | at the end of the year | | | | | 927,475 |
| 2 | Aditya Patel | | | | | |
| | at the beginning of the year | | | 104,599 | 1.74% | 104,599 |
| | changes during the year | 04/03/2016 | 70 Shares Transferred | | | 104,529 |
| | | 25/03/2016 | 30 Shares Transferred | | | 104,499 |
| | at the end of the year | | | | | 104,499 |

V. INDEBTEDNESS

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

(Amt. ₹/Lacs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| * Addition | | | - | - |
| * Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| SN. | Particulars Of Remuneration | Name of MD/WTD/ Manager | | Total Amount (Rs/Lac) |
|-----|---|-------------------------|--------------|-----------------------|
| | | Amit Patel | Aditya Patel | |
| | Name | Amit Patel | Aditya Patel | |
| | Designation | NA | NA | |
| 1 | Gross Salary | 873,559 | 641,585 | 1,515,144 |
| | (A) Salary As Per Provisions Contained In Section 17(1) Of The Income-Tax Act, 1961 | - | - | - |
| | (B) Value Of Perquisites U/S 17(2) Income-Tax Act, 1961 | | 107,080 | 107,080 |
| | (C) Profits In Lieu Of Salary Under Section 17(3) Income- Tax Act, 1961 | | | - |
| 2 | Stock Option | | | - |
| 3 | Sweat Equity | | | - |
| 4 | Commission | 725,000 | 550,000 | 1,275,000 |
| | - As % Of Profit | | | - |
| | - Others, Specify | | | - |
| 5 | Others, Please Specify | - | - | - |
| | Total (A) | 1,598,559 | 1,298,665 | 2,897,224 |
| | Ceiling As Per The Act | 5% of Profit | 5% of Profit | |

B. Remuneration to other Directors

| SN. | Particulars Of Remuneration | Name of Directors | | | Total Amount (Rs/Lac) |
|-----|--|---------------------|---------------------------|----------------|-----------------------|
| | | Sudhir Patel | Jagdish Vasa | Sunil Merchant | |
| 1 | Independent Directors | | | | |
| | Fee For Attending Board Committee Meetings | 95,000 | 97,500 | 50,000 | 242,500 |
| | Commission | | | | - |
| | Others, Please Specify | | | | - |
| | Total (1) | 95,000 | 97,500 | 50,000 | 242,500 |
| 2 | Other Non-Executive Directors | Rajiv Gandhi | Maithili Siswawala | | - |
| | Fee For Attending Board Committee Meetings | 12,500 | 25,000 | | 37,500 |
| | Commission | | | | - |
| | Others, Please Specify | | | | - |
| | Total (2) | 12,500 | 25,000 | - | 37,500 |
| | Total (B)=(1+2) | 107,500 | 122,500 | 50,000 | 280,000 |
| | Total Managerial Remuneration | | | | 3,177,224 |
| | Overall Ceiling As Per The Act | | | | |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| SN. | Particulars Of Remuneration | Name of Key Managerial Personnel | | | Total Amount (Rs/Lac) |
|-----|---|----------------------------------|---|---|-----------------------|
| | | Amita Vishwakarma | | | |
| | Designation | | | | |
| 1 | Gross Salary | 300,003.00 | | | 300,003.00 |
| | (A) Salary As Per Provisions Contained In Section 17(1) Of The Income-Tax Act, 1961 | - | - | - | - |
| | (B) Value Of Perquisites U/S 17(2) Income-Tax Act, 1961 | | | | - |
| | (C) Profits In Lieu Of Salary Under Section 17(3) Income- Tax Act, 1961 | | | | - |
| 2 | Stock Option | | | | - |
| 3 | Sweat Equity | | | | - |
| 4 | Commission | | | | - |
| | - As % Of Profit | | | | - |
| | - Others, Specify | | | | - |
| 5 | Others, Please Specify | | | | - |
| | Total | 300,003 | - | - | 300,003 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and On Behalf of the Board of Director,
DAIKAFFIL CHEMICALS INDIA LIMITED

AMIT PATEL
Managing Director
(DIN: 00005232)

ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

Date: May 13, 2016
Place: Mumbai

SECRETARIAL AUDIT REPORT

[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]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

To,
The Members,
Daikaffil Chemicals India Limited
Mumbai
Dear Sirs,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Daikaffil Chemicals India Limited** (hereinafter called “**the Company**”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
4. The provisions of 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 were not applicable to the Company under the financial year under report;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2013;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI') were not applicable to the Company under the financial year under report:-
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and employee Stock Purchase Scheme) Guidelines, 1999;
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - c. 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;
 - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The following are the major head / groups of Acts, Laws and Regulations as applicable to the Company.

- i. Factories Act, 1960.
- ii. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis related to Salary & Wages, Bonus, Gratuity, Provident Fund, ESIC, Compensation and Benefits etc.
- iii. Labour Welfare Act of the Central and respective states.
- iv. Acts prescribed under Direct Tax and Indirect Tax Laws by the Central and respective State Governments.
- v. Land Revenue Laws of respective states.
- vi. Local laws as applicable to various offices and Premises of the Company.
- vii. Environment Protection Act, 1986 and other environmental laws.

- viii. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003.
- ix. Industrial Disputes Act, 1947.
- x. Indian Stamp Act, 1999
- xi. Indian Contract Act, 1872
- xii. Negotiable Instruments Act, 1881

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India.
2. The Listing Agreements entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period, there were no instances of:

1. Public / Rights / Preferential issue of shares / debentures / sweat equity etc.
2. Redemption / buy-back of securities.
3. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
4. Merger / amalgamation / reconstruction etc.
5. Foreign technical collaborations.

Place: Mumbai
Date: 10 May 2016

Dinesh Kumar Deora
Practising Company Secretary
FCS NO. 5683
C P NO. 4119

ANNEXURE A

To,
The Members,
Daikaffil Chemicals India Limited
Mumbai

My 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. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
4. Where ever required, I have obtained 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. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Date: 10 May 2016

DINESH KUMAR DEORA
PRACTISING COMPANY SECRETARY
FCS NO. 5683
C P NO. 4119

CORPORATE GOVERNANCE REPORT

Corporate Governance refers to the rules of law, balanced objectives, ethical approach, accountability and transparency, Professionalism in activities, equal concern for all the stakeholders and Implementation of policies and procedures prescribed by the Company.

Company's Policies on the Corporate Governance and due Compliance Report on specific areas wherever applicable for the year ended 31st March, 2016 are hereunder divided into the following areas:-

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company sets the high ethical standards to provide the best corporate governance practices in protecting the stake holders and public interest. With these standards the Company ensures timely compliances with applicable rules and regulation, Consistency in disclosure and transparency, Effective and ethical framework of business decisions and responsive management.

II. BOARD OF DIRECTORS:

The Board of Directors of the Company consists of eminent persons with considerable expertise and experience in business and industry.

All the Directors except 3 Independent Directors are eligible to retire by rotation.

(a) Composition of the Board

The Board of Directors has optimum combination of Executive and Non Executive Director Including a Women Director. The Chairman of the Board of Directors is a Non Executive Independent Director and one third of the Board consist Independent Director which is equal to the requirement as stipulated in Regulation 17(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Board consists of seven Directors out of which 3 are the Independent Directors, 2 are the Non Executives Directors, and 2 are the Executives Promoters Directors.

The following are the composition of the Board as on date and the changes occurred during the year under review.

| Sr No. | Name of Director | Category | Designation |
|--------|-------------------------|--------------------------------|----------------------|
| 1. | Mr. Sudhir Patel | Non Executive Independent | Chairman |
| 2. | Mr. Amit Patel | Promoter Executive | Managing Director |
| 3. | Mr. Aditya Patel | Promoter Executive | Jt. MD and CFO |
| 4. | Mr. Jagdish Vasa | Non Executive Independent | Independent Director |
| 5. | Dr. Giuseppe Seccomandi | Non Executive | Director |
| 6. | Mr. Hiroshige Tanaka | Non Executive Independent | Independent Director |
| 7. | Mrs. Maithili Sisawala | Non Executive (Woman Director) | Director |

(b) Number of Board Meetings held and attended by Directors

During the financial year 2014-15, the Board met four times on 29th May 2015, 12th August 2015, 3rd November 2015, and 9th February 2016. There was a gap of not more than 120 days between two consecutive meetings.

The Meetings were attended as follows.

| Sr No. | Name of Director | No. of Board Meeting Attended | | | |
|--------|-------------------------|-------------------------------|-----------|------------|-----------|
| | | 29.5.2015 | 12.8.2015 | 03.11.2015 | 9.02.2016 |
| 1. | Mr. Sudhir Patel | ✓ | ✓ | ✓ | ✓ |
| 2. | Mr. Amit Patel | ✓ | ✓ | ✓ | ✓ |
| 3. | Mr. Aditya Patel | ✓ | ✓ | ✓ | ✓ |
| 4. | Mr. Jagdish Vasa | ✓ | ✓ | ✓ | ✓ |
| 5. | Dr. Giuseppe Seccomandi | *✓ | *✓ | *✓ | *✓ |
| 6. | Mr. Hiroshige Tanaka | AB | *✓ | AB | AB |
| 7. | Mr. Sunil Merchant | ✓ | ✓ | ✓ | ✓ |
| 8. | Mr. Rajiv Gandhi | AB | ✓ | AB | AB |
| 9. | Mrs. Maithili Siswawala | ✓ | AB | ✓ | AB |

*Meetings were attended by their Alternate Directors

Mr. Amit Patel and Mr. Aditya Patel attended the last Annual General Meeting held on 21st August, 2015.

(c) The details of other Directorships and Committee Membership:

| Sr No. | Name of Director | No. of Other Director-ships held | No. of other Board/ Committee(s) of which He/she is | |
|--------|-------------------------|----------------------------------|---|----------|
| | | | Member | Chairman |
| 1. | Mr. Sudhir Patel | 8 | 3 | 1 |
| 2. | Mr. Amit Patel | 1 | Nil | Nil |
| 3. | Mr. Aditya Patel | 2 | Nil | Nil |
| 4. | Mr. Jagdish Vasa | 2 | Nil | Nil |
| 5. | Dr. Giuseppe Seccomandi | Nil | Nil | Nil |
| 6. | Mr. Hiroshige Tanaka | Nil | Nil | Nil |
| 7. | Mr. Rajiv Gandhi | 5 | Nil | 3 |
| 8. | Mr. Sunil Merchant | 4 | Nil | Nil |
| 9. | Mrs. Maithili Siswawala | Nil | Nil | Nil |

III. AUDIT COMMITTEE:

The Audit Committee of the Board of Directors of the Company, inter-alia, provides an assurance to the Board on the adequacy of internal control systems and financial disclosures and scope of audit and also provides timely observation and review of financial statement before their submission and also discuss related issues with the internal and statutory auditors and the management of the Company. The scope of the Audit Committee is in accordance with and as specified in Clause 49 of the Listing Agreement and section 177 of Companies Act 2013.

i. Brief description of terms of reference includes.

- recommend the appointment, remuneration and terms of appointment of auditors
- review and monitor the auditor's performance, and effectiveness of audit process;
- examine financial statement and the auditors' report thereon;
- approve subsequent modification of transactions of the Company with related parties;

- scrutinise inter-corporate loans and investments;
- evaluate undertakings or assets of the Company, wherever it is necessary;
- evaluate internal financial controls and risk management systems;
- monitor the end use of funds raised through public offers and related matters.

ii. Composition of the Audit Committee

The Audit Committee at present comprises of two Independent Directors forming a majority and one Executive Director. The composition of Audit Committee is as follows:

| Sr No. | Name of Director | Category | 29.05.2015 | 12.08.2015 | 03.11.2015 | 09.02.2016 |
|--------|------------------|----------|------------|------------|------------|------------|
| 1. | Mr. Sudhir Patel | Chairman | ✓ | ✓ | ✓ | ✓ |
| 2. | Mr. Aditya Patel | Member | ✓ | ✓ | ✓ | ✓ |
| 3. | Mr. Jagdish Vasa | Member | ✓ | ✓ | ✓ | ✓ |

IV. NOMINATION AND REMUNERATION COMMITTEE:

(i) Brief description of terms of reference includes.

The terms and reference includes the following:

- To identify persons who are qualified to become Directors and who may be appointed in senior management and recommend to the Board.
- To formulate the criteria for determining qualifications, positive attributes and independence of the Directors and recommend to the Board a policy, relating to the remuneration for the Directors, Key managerial personnel and other employees.

(ii) Composition of the Committee

The Committee at present comprises of three Independent Directors. The composition of Audit Committee is as follows:

| Sr No. | Name of Director | Category | No. of Board Meeting Attended |
|--------|--|----------|-------------------------------|
| | | | 29.05.2015 |
| 1. | Mr. Jagdish Vasa | Chairman | ✓ |
| 2. | Mr. Sudhir Patel | Member | ✓ |
| 3. | Mr. Hiroshige Tanaka | Member | *✓ |
| 4. | Mr. Sunil Merchant (Alternate to Hiroshige Tanaka) | Member | ✓ |

**Meetings was attended by his Alternate Director*

(iii) Remuneration Policy

The details Nomination and Remuneration policy is placed on the website of the Company.

(iv) Details of Remuneration to all Directors

The remuneration of Managing/Whole-time Directors as decided on the recommendation of the Nomination and Remuneration and approved by the Board of Directors and shareholders. The remuneration of managing/ Whole-time Directors comprises of salary and perquisites for the financial year 2015-16 are as under:

| Name | Salary (₹) | Perquisites (₹) | Commission(₹) | Total (₹) |
|------------------|------------|-----------------|---------------|-----------|
| Mr. Amit Patel | 8,73,559 | - | 7,25,000 | 15,98,559 |
| Mr. Aditya Patel | 6,41,585 | 1,07,080 | 5,50,000 | 12,98,665 |

The sitting fees paid to them for the financial year 2015-16. During the year the sitting fees were increased from ₹10,000 to ₹15,000/- for attending each Meeting of the Board, and from ₹10,000 to ₹12,500/- for attending Audit Committee Meeting, and ₹ 2,500/- for both Nomination & Remuneration Committee and Stakeholder Relationship Committee Meeting. The total amount

of sitting fees paid during the year was ₹2,80,000/-. The details of sitting fees paid to the Non-Executive Directors during the year are as given below:

| Name of the Non-Executive Director | Sitting Fees paid during the period 01.04.2015 to 31.03.2016 (₹) |
|------------------------------------|---|
| Mr. Sudhir Patel | 95000 |
| Mr. Jagdish Vasa | 97500 |
| Mr. Sunil Merchant | 50000 |
| Mr. Rajiv Gandhi | 12500 |
| Mrs. Maithili Siswawala | 25000 |

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted "Investor Grievances Committee" and renamed as "Stakeholders Relationship Committee" consisting of Executive and Non Executive Directors. The Committee normally meets as and when required.

The Committee approves, transfer /transmission/ transposition/ consolidations/ splitting, issue of duplicate certificates, allotment of shares and debentures, shareholders grievances pertaining to non receipt of transferred share certificates, non receipt of balance sheet and non receipt of dividend / interest warrant etc. and expedite the process of share transfers, the Board of the Company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents.

(i) Non - Executive Director heading the Committee

| Sr No. | Name of Director | Category |
|--------|---|----------|
| 1. | Mr. Jagdish Vasa | Chairman |
| 2. | Mr. Aditya Patel | Member |
| 3. | Dr. Giuseppe Seccomandi | Member |
| 4. | Mr. Rajiv Gandhi (Alternate to Dr. Giuseppe Seccomandi) | Member |

(ii) Name and Designation of Compliance Officer

Ms. Amita Vishwakarma, Company Secretary acts as the Compliance Officer for ensuring compliance with the requirements of listing agreement with the Stock Exchange and SEBI Regulations as amended from time to time.

The Company Secretary can be contacted at

*52, Nariman Bhavan, Nariman Point, Mumbai – 400 021
(022-61016612 : cs.amita@daikaffil.com)

(iii) No. of Shareholders' Complaints received so far

The Company has approximately 3407 shareholders. The total number of complaints received and replied to the satisfaction of shareholders during the year under review was as under:

| Opening Balance | Received during the year 2015-16 | Resolved during the year 2015-16 | Pending at the Year End |
|-----------------|-------------------------------------|-------------------------------------|-------------------------|
| - | 26 | 26 | 0 |

VI. GENERAL BODY MEETINGS:

(i) The details of the Annual General Meeting held in last three years are as under: -

| AGM | DAY | DATE | TIME | VENUE |
|------|--------|------------|------------|---|
| 21st | FRIDAY | 27.09.2013 | 11.30 A.M. | E-4, MIDC Tarapur, Boisar, Dist. Thane, Maharashtra-401506 |
| 22nd | FRIDAY | 26.09.2014 | 11.30 A.M. | E-4, MIDC Tarapur, Boisar, Dist. Thane, Maharashtra-401506 |
| 23rd | FRIDAY | 21.08.2015 | 10.00 A.M. | E-4, MIDC Tarapur, Boisar, Dist. Palgarh, Maharashtra-401506 |

(ii) No Special Resolution was passed at the last three Annual General Meetings.

- (iii) No Special Resolution was passed last year through postal ballot.
- (iv) No Special Resolution is proposed to be conducted through postal ballot.

VII. DISCLOSURES:

- (i) No penalties have been imposed on the Company by the Stock Exchanges or The Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.
- (ii) The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them.
- (iii) The Nomination and Remuneration Committee formulated the policy in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and the role of the nomination and remuneration committee as specified as in Part D of the Schedule II under Regulation 19(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.
- (iv) The Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism in compliance with section 177 read with Rules framed there under and Regulation 22 of the SEBI (LODR) Regulations, 2015.
- (v) Adoption of non-mandatory requirements under regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 is being reviewed by the Board from time to time.
- (vi) The Company has adopted this Policy for Preservation of Documents, as required under Regulation 9 of the SEBI (LODR) Regulations, 2015.
- (vii) Documents placed on the website of the Company:

The following documents have been placed on the website in compliance with the Act:

- (a) Terms and Conditions of Appointment of Independent Directors
- (b) Composition of Various Committees of Board of Directors
- (c) Details of unpaid dividend as per Section 124(2);
- (d) Shareholding Pattern
- (e) Financial information notice of meeting of the board of directors where financial results shall be discussed, financial results, on conclusion of the meeting of the board of directors where the financial results were approved;
- (f) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc;
- (g) Details of vigil mechanism for the directors and employees to report genuine concerns as per proviso to Section 177(10);

VIII. MEANS OF COMMUNICATION:

| | | |
|-------|--|--|
| (i) | Quarterly Results | Communicated to all the Stock Exchanges with whom the Company is listed. |
| (ii) | Newspapers wherein Results normally published | The Free Press Journal, & Navshakti, Mumbai |
| (iii) | Any web site, where displayed | Yes : www.daikaffil.com |
| (iv) | Whether it also displays official News releases | No |

IX. GENERAL SHAREHOLDER INFORMATION:

| | | |
|-----|-----------------------|---|
| (a) | AGM to be held | The 24th Annual General Meeting will be held on Friday the 2nd Day of September, 2016 at 10.00 A.M. at E-4, M.I.D.C. TARAPUR, BOISAR DIST PALGHAR - 401506 |
|-----|-----------------------|---|

| | | | | |
|-----|---|--|----------------|----------------------|
| (b) | Financial calendar | | | |
| | Annual General Meeting | 2nd Day of September, 2016 | | |
| | First Quarterly Results: | Before end of 15th August, 2016 | | |
| | Second Quarterly Results | Before end of 15th November, 2016 | | |
| | Third Quarterly Results: | Before end of 15th February, 2017 | | |
| | Audited yearly Results for the year ended 31st March 2017 | Before end of May, 2017 | | |
| (c) | Dividend payment date | On or after 6th September, 2016 to those members whose names stand registered on the Company's Register of Members as on 2nd September, 2016. | | |
| (d) | The name and address of stock exchange(s) at which the listed Entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange | BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, Maharashtra 400001 Annual listing fees was paid on 28th April 2016 | | |
| (e) | Stock code | Physical: 30825 Demat: 530825 | | |
| (f) | Market price data- high, low during each month in last financial year | | | |
| | Period | BSE | | |
| | | High (₹) | Low (₹) | Volume (Nos.) |
| | Apr-15 | 32.00 | 21.60 | 214,094 |
| | May-15 | 29.15 | 20.10 | 38,202 |
| | Jun-15 | 25.80 | 21.20 | 60,444 |
| | Jul-15 | 32.80 | 22.35 | 518,192 |
| | Aug-15 | 31.70 | 18.10 | 189,241 |
| | Sep-15 | 26.35 | 19.35 | 42,142 |
| | Oct-15 | 33.30 | 22.50 | 140,044 |
| | Nov-15 | 35.00 | 25.15 | 203,668 |
| | Dec-15 | 43.95 | 31.00 | 300,144 |
| | Jan-16 | 41.25 | 28.75 | 158,406 |
| | Feb-16 | 35.95 | 23.25 | 60,129 |
| | Mar-16 | 33.95 | 24.00 | 54,152 |
| (g) | Performance in comparison to broad-based indices with BSE Sensex | | | |
| (h) | Registrar and Transfer Agents | Ms. Link Intime India Private Limited ✉ 0-13, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078 ☎ (022-25963838, Fax: 022 - 25946969) 📧 rnt.helpdesk@linkintime.co.in | | |

(i) Distribution of Shareholding

| No of Equity Shares held | No. of Shareholders | % of Shareholders | No. of Shares | % of Shareholding |
|--------------------------|---------------------|-------------------|-----------------|-------------------|
| 1-500 | 2685 | 78.8083 | 447716 | 7.4619 |
| 501-1000 | 323 | 9.4805 | 282268 | 4.7045 |
| 1001-2000 | 173 | 5.0778 | 270235 | 4.5039 |
| 2001-3000 | 73 | 2.1426 | 187879 | 3.1313 |
| 3001-4000 | 32 | 0.9392 | 115154 | 1.9192 |
| 4001-5000 | 26 | 0.7631 | 124679 | 2.0780 |
| 5001-10000 | 38 | 1.1154 | 278059 | 4.6343 |
| 10001 & above | 57 | 1.6730 | 4294010 | 71.5668 |
| Grand Total | 3407 | 100.0000 | 60000000 | 100.0000 |

| | | |
|-----|---|---|
| (j) | Dematerialization of Shares and Liquidity | The Company's equity shares are included In the list of companies whose scrips have been mandate by SEBI for settlement only in dematerialized form by all institutions and all investors. The Company had signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services |
| (k) | Plant Locations | The Company has a single plant located at Plot No. E/4, MIDC, Tarapur, Dist. Palghar, Maharashtra |
| (l) | Address for correspondence | ✉ 52, Nariman Bhavan, Nariman Point, Mumbai – 400 021 (022-6106600 - 12 📧 info@daikaffil.com |

For and On Behalf of the Board of Director,
DAIKAFFIL CHEMICALS INDIA LIMITED

Date: May 13, 2016
Place: Mumbai

AMIT PATEL
Managing Director
(DIN: 00005232)

ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

Daikaffil Chemicals India Limited.

We have examined the compliance of conditions of Corporate Governance by Daikaffil Chemicals India Limited, for the year ended March 31, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per relevant provisions of the Securities and Exchange Board of India ('Listing Obligations and Disclosure Requirements') Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations 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, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations, as applicable.

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

For MANISH PATEL & COMPANY
Chartered Accountants
Firm Reg. No. 126272W

Date: May 13, 2016
Place: Mumbai

MANISH PATEL
Proprietor
Membership No.107367

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of Schedule V under Regulation 19(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Board of Directors and the Senior Management personnel have affirmed Compliance with the Code of Conduct and Ethics or the year ended March 31, 2016.

For DAIKAFFIL CHEMICALS INDIA LIMITED

Date: May 13, 2016
Place: Mumbai

AMIT PATEL
Managing Director
DIN: 00005232

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

The Indian economy has consolidated the gains achieved in restoring macroeconomic stability from the beginning of last fiscal year. Economic growth is showing signs of steady recovery. According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 7-7.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will be growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years.

INDUSTRY STRUCTURE & DEVELOPMENT

The Chemical Industry is essential for the economic development of any country, providing products and enabling technical solutions in virtually all sectors of the economy. The Chemical Industry in India is a key constituent of Indian economy, accounting for about 2.11 per cent of the GDP. In terms of volume, India is third largest producer of chemicals in Asia, after China and Japan and sixth largest in the world.

Considering this fact, the Government is taking various initiatives for the growth and development of the sector. 100 per cent FDI is permissible in the Indian chemicals sector while manufacturing of most chemical products is de-licensed. It is expected that new initiatives are likely to attract large investments, both domestic and foreign, with requisite improvements in infrastructure and competition. The government has also been encouraging Research and Development (R&D) in the sector. Moreover, the government is continuously reducing the list of reserved chemical items for production in the small-scale sector, thereby facilitating greater investment in technology up-gradation and modernisation.

FINANCIAL AND OPERATIONAL PERFORMANCE

In spite of the overall slowdown in sales, the Company has shown better performance than expected. The following table exhibits, in summary, the financial performance of the Company for the year in relation to previous year.

| | F.Y. 2015-16 | F.Y. 2014-15 |
|---------------------------|---------------------|---------------------|
| Sales Growth [%] | (-)20% | 3% |
| Domestic Sales Growth [%] | (-)17% | 31% |
| Export Sales Growth [%] | (-)23% | (-) 8% |
| PBDIT [% to sales] | 13.09% | 8.04% |
| PAT [% to sales] | 7.50% | 4.50% |
| Earnings per share [₹] | 3.50% | 2.59% |

Your Company's total sales revenue for the year comprises domestic sales of ₹ 10.39 Crores [P.Y. 12.53 Crores] and export sales of ₹ 17.05 Crores [P.Y.₹ 21.92 Crores].

PRODUCT WISE PERFORMANCE AND ITS OUTLOOK

In accordance with the Accounting Standard 17 notified by Companies (Accounting Standards) Rules, 2006 and based on characteristics of products, production processes and the class of customers, the Company has classified its range of products into two reportable business segments as under:

Optical brighteners

Optical brighteners, or fluorescent whitening agents, are used to make plastics, fibers, coatings, inks, and detergents appear whiter and brighter. These products function by absorbing invisible ultraviolet light and re-emitting it as visible light in the blue range of the spectrum. These products are particularly useful to mask the yellowish cast sometimes observed in plastics and fibers after high temperature processing operations. They are also used in substrates containing pigments or dyes to make colours appear more brilliant. Optical brighteners are also used in the production of uncoated fine paper, particularly in uncoated fine paper grades containing high-yield pulp (HYP). Increasing level of whiteness and the HYP substitution in fine papers have increased the importance of optical brighteners globally in the recent years.

Naphthol

Naphthol is an organic compound used to manufacture organic Pigments/Masterbatch. Pigments are used for colouring paint, ink, plastic, fabric, cosmetics, foods and other materials. Most pigments used in manufacturing and the visual arts are dry colorants, usually ground into a fine powder.

The Company is very optimistic about Naphthol grounders because of its Japanese quality. The entire range of Naphthol grounders are being consumed by MNCs. and its printing Ink manufacturers in Japan. The demand of the product has been rising rapidly in Europe & Japan. Looking at the product portfolio and demand in international market the Company foresee a wide scope of the business in near future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate system of internal controls commensurate with its size and nature of its business and ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial statements. These systems enable integrity of financial reporting and adherence to guidelines defined for the Company. Internal controls are regularly reviewed by both internal and external agencies for its efficiency and effectiveness. Corporate policies, management information and reporting system for key operational areas form part of overall control mechanism.

The Internal Audit plan and management actions are presented to the Audit Committee on quarterly basis. The Audit committee reviews adequacy of Internal Control System and the Internal Audit Reports and compliance thereof. The members of Audit Committee held discussions with the Internal and Statutory Auditors during the meetings of the Committee and all the quarterly and yearly financial statements of the Company were reviewed and recommended by Audit Committee for consideration and approval of the Board of directors.

RISKS AND CONCERNS

The Company foreign currency revenue earnings are significant and any appreciation or depreciation in the rupee can have a significant impact on revenue and profitability. We evaluate exchange rate exposure arising from these transactions and enter into foreign exchange instruments to mitigate risks arising out of movements in the rupee (INR). The Company have an appropriate internal control for monitoring the Forwards and future contracts. The Company has not faced any significant negative impact on profitability on account of currency fluctuation in financial year 2015-2016). (Note: The Company has earned profit of 13% from the foreign currency exchange as compare to the loss of 9% in the previous year)

Your Company has also shown its concern towards the environment safety. It is becoming more and more conscious about environmental norms, discharge of effluents and better safety for employees, quality standards and has also shown considerable improvement in the recent past.

OPPORTUNITIES AND THREATS

Your Company range of products are under Japanese technology and therefore we stand a better chance of facing competition from China and Indian manufacturers even though the prices are lower compared to ours. The Consumers are ready to pay the extra price for superior quality. The Company believes that this is right time to expand our capacities in our range of products.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATION

Your Company emphasises on the safety of people working in its premises, Structures safety meeting were held and safety programmes were organised for them throughout the year

The total numbers of person employed in your Company as on 31st March, 2016 were 69.

For and On Behalf of the Board of Director,
DAIKAFFIL CHEMICALS INDIA LIMITED

AMIT PATEL
Managing Director
(DIN: 00005232)

ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

Date: May 13, 2016
Place: Mumbai

DISCLOSURE ON REMUNERATION OF DIRECTORS/KMP/EMPLOYEES

- (a) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;

| Directors Remuneration (₹) | | Ratio | Median Remuneration of employees (₹) |
|--------------------------------|---------|--------|--|
| Executive Directors | | | |
| Amit Patel | 873,559 | 4.62:1 | 189,240 |
| Aditya Patel | 748,665 | 3.95:1 | 189,240 |
| Non-Executive Directors | | | |
| Mr. Sudhir Patel | 95,000 | 0.50:1 | 189,240 |
| Mr. Jagdish Vasa | 97,500 | 0.52:1 | 189,240 |
| Mr. Sunil Merchant | 50,000 | 0.26:1 | 189,240 |
| Mr. Rajiv Gandhi | 12,500 | 0.07:1 | 189,240 |
| Mrs. Maithili Siswawala | 25,000 | 0.13:1 | 189,240 |

- (b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the FY

| | |
|-------------------------|-----|
| Managing Director | Nil |
| Chief Financial Officer | Nil |
| Company Secretary | Nil |

- (c) the percentage increase in the median remuneration of employees in the financial year, N.A.

- (d) the number of permanent employees on the rolls of Company: 69

- (e) the explanation on the relationship between average increase in remuneration and Company performance; Average increase in remuneration has been made to be in line with other chemicals Manufacturing Company and to be in line with the inflation rate.

- (f) Comparison of the remuneration of the key managerial personnel against the performance of the Company

| Name of KMP | Designation | 2015-2016 | 2014-2015 | Increment in % |
|---|--------------|------------------|------------------|----------------|
| Sishir Amin | | Nil | 15,84,438 | N.A |
| Amit Patel Managing Director | #Salary | 8,73,559 | 9,19,025 | N.A |
| | Commission | 7,25,000 | | |
| Aditya Patel Jt. MD & CFO | #Salary | 7,48,665 | *4,62,206 | N.A |
| | Commission | 5,50,000 | | |
| Amita Vishwakarma Company Secretary | Salary | 3,00,003 | 2,39,590 | N.A |
| | Total | 31,97,227 | 32,05,259 | N.A |
| Remuneration of Key Managerial Personnel (KMP) during financial year 2015-16 (aggregated) | | | | 31,97,227 |
| Profit before tax (PBT) | | | | 3,18,02,419 |
| Remuneration (as % of PBT) | | | | 10.05 |

* During the year 2014—2015, there was a increment of 61% in the remuneration of Mr. Aditya Patel

In addition to above salary Mr. Amit Patel & Mr. Aditya Patel be paid commission, as decided by the Board of Directors in their Meeting held on 13th May 2016 , computed in the manner laid down in Section 197 of the Companies Act, 2013. The commission payable will be subjected to the approval of the shareholders at this AGM.

- (g) **Average percentile increase made in the salaries of employees other than the managerial personnel 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;**

There was 10% increase in Remuneration of employees of the Company.

- (h) **Comparison of performance of the Company**

| | 2015-2016 | 2014-2015 | Performance | |
|--------------------|------------------|------------------|--------------------|--------|
| Total Revenue | 27,99,21,280 | 34,30,70,013 | Decrease | (-)18% |
| PBT | 3,18,02,419 | 2,15,56,460 | Increase | 48% |
| PAT | 2,10,19,785 | 1,55,17,152 | Increase | 35% |
| Earnings Per Share | 3.50 | 2.59 | Increase | 35% |

- (i) **The key parameters for any variable component of remuneration availed by the directors; NOT APPLICABLE.**
- (j) **The ratio of the remuneration of the highest paid director to the of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**

No employee is receiving remuneration in excess or higher than the remuneration of Directors.

- (k) **Affirmation that the remuneration is as per the remuneration policy of the Company.**

All remuneration of the Employees and Directors are decided by Nomination & Remuneration Committee and by the Board of Directors within the organization.

For and On Behalf of the Board of Director,
DAIKAFFIL CHEMICALS INDIA LIMITED

Date: May 13, 2016
Place: Mumbai

AMIT PATEL
Managing Director
(DIN: 00005232)

ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Company

Part “B”: Associates and Joint Ventures

| A. | ERCA SPECIALITY CHEMICALS PRIVATE LIMITED | |
|----------------|---|----------------|
| Sl. No. | Particulars | Details |
| 1. | Latest audited Balance Sheet Date | 31-03-2016 |
| 2. | Shares of Associate/Joint Ventures held by the Company on the year end | |
| | i. No. | 2,64,666 |
| | ii. Amount of Investment in Associates/Joint Venture (in ₹) | 26,46,660.00 |
| | iii. Extend of Holding% | 25% |
| 3. | Description of how there is significant influence | |
| 4. | Reason why the associate/joint venture is not consolidated | N.A. |
| 5. | Net worth attributable to shareholding as per latest audited Balance Sheet (in ₹) | 605,692.00 |
| 6. | Profit/Loss for the year | |
| | i. Considered in Consolidation (in ₹) | 25,262.00 |
| | ii. Not Considered in Consolidation | N.A. |
| | | |

Notes: The following information shall be furnished at the end of the statement:

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and On Behalf of the Board of Director,
DAIKAFFIL CHEMICALS INDIA LIMITED

AMIT PATEL
Managing Director
(DIN: 00005232)

ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

Date: May 13, 2016
Place: Mumbai

INDEPENDENT AUDITORS' REPORT**To the Members of****Daikaffil Chemicals India Limited****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Daikaffil Chemicals India Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility

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

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

We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 accounting policies used and the reasonableness of the accounting estimates made by Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- 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 and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- 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".
- g) With respect to the other matters included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules 2014 in our opinion and to best of our information and according to the explanation given to us :
 - a. The company has disclosed the impact of pending litigation on its financial position in its standalone financial statement.
 - b. The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts.
 - c. There has been no delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the company.

For MANISH PATEL & COMPANY
Chartered Accountants
Firm Reg. No. 126272W

MANISH PATEL
Proprietor
Membership No.107367

Mumbai: 13th May, 2016

ANNEXURE A TO THE AUDITORS REPORT

ADDITIONAL INFORMATION ANNEXED THE INDEPENDENT AUDITORS' REPORT

1.
 - a. Records showing full particulars including quantitative details and situation of fixed assets have not been adequately maintained by the Company.
 - b. As explained to us, the fixed assets have been physically verified by the management once during the year and in our opinion the frequency of verification is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. During the year the Company has not disposed off any substantial / major part of fixed assets.
 - d. According to the information and explanations given to us and the records of the Company examined by us, the title deeds of the immoveable properties are held in the company's name.
2. As per information and explanations given to us, the inventories have been physically verified by the management during the year at reasonable intervals. In our opinion the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the size of the Company and the same have been properly dealt with in the books of account.
3. The Company has not granted / taken any loans, secured or unsecured to / from Companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 & 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities.
5. The Company has not accepted any deposits during the year from the public within the meaning of provisions of the Companies Act, 2013 and rules made there under.

6. As informed to us, the Central Government has not prescribed maintenance of Cost Records under sub section (1) of section 148 of the Act.
7.
 - a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.
 - b. According to the information and explanation given to us and the records of the Company examined by us, there are no disputed amounts in case of dues of sales tax/income tax/custom duty/wealth tax/excise duty/cess.
8. In our opinion and according to the information and explanation given to us, the Company has not defaulted in the repayment of dues to banks. There are no dues to financial institutions and debenture holders.
9. The Company did not raise any moneys by way of initial /further public offer during the year. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they have been obtained.
10. According to the information and explanations 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.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
12. In our opinion, and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 & 188 of the Act and details of such transactions have been disclosed in the financial statements as per applicable accounting standards.
14. 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.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non cash transactions with directors or persons connected with him.
16. The Company is not required to be registered under section 451A of the Reserve Bank of India Act, 1934.

For MANISH PATEL & COMPANY
Chartered Accountants
Firm Reg. No. 126272W

MANISH PATEL
Proprietor
Membership No.107367

Mumbai: 13th May, 2016

ANNEXURE B TO THE AUDITORS REPORT

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 Daikaffil Chemicals India Limited ("the Company") as of March 31, 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 preparations of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 required 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 involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operation effectiveness of internal control based on the assessment risk. 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.

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 presentation of financial statements for external purpose 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 records that, in reasonable detail, accurately and fairly reflect the transaction and disposition of the assets of the company;
- (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of financial statement 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 effects on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of 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 March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For MANISH PATEL & COMPANY
Chartered Accountants
Firm Reg. No. 126272W

MANISH PATEL
Proprietor
Membership No.107367

Mumbai: 13th May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016.

| | | | | (Rupees) | |
|----------|------------------------------------|---------------------|---------------------------|---------------------------|-------------|
| | Note | As at 31/03/2016 | As at 31/03/2015 | | |
| A | EQUITY AND LIABILITIES | | | | |
| 1 | Shareholders' funds | | | | |
| | (a) Share capital | 2 | 60,000,000 | 60,000,000 | |
| | (b) Reserves and surplus | 3 | <u>65,970,001</u> | <u>52,179,016</u> | 112,179,016 |
| 2 | Non-current liabilities | | | | |
| | (a) Deferred tax liabilities (net) | 4 | 4,922,102 | 3,539,468 | |
| | (b) Long-term provisions | 5 | <u>686,286</u> | <u>510,669</u> | 4,050,137 |
| 3 | Current liabilities | | | | |
| | (a) Short-term borrowings | 6 | 7,068,932 | 18,875,287 | |
| | (b) Trade payables | 7 | 34,145,133 | 53,564,134 | |
| | (c) Other current liabilities | 8 | 8,698,161 | 4,942,465 | |
| | (d) Short-term provisions | 9 | <u>7,228,800</u> | <u>5,783,040</u> | 83,164,926 |
| | TOTAL | | <u>188,719,415</u> | <u>199,394,079</u> | |
| B | ASSETS | | | | |
| 1 | Non-current assets | | | | |
| | (a) Fixed assets | 10 | | | |
| | (i) Tangible assets | | 53,350,083 | 53,675,796 | |
| | (ii) Capital work-in-progress | | <u>411,211</u> | <u>14,020</u> | |
| | | | 53,761,294 | 53,689,816 | |
| | (b) Non-current investments | 11 | 2,454,950 | 957,350 | |
| | (c) Long-term loans and advances | 12 | <u>1,484,679</u> | <u>1,542,409</u> | |
| | | | 57,700,923 | | 56,189,575 |
| 2 | Current assets | | | | |
| | (a) Inventories | 13 | 40,155,109 | 44,346,726 | |
| | (b) Trade receivables | 14 | 70,209,521 | 68,111,273 | |
| | (c) Cash and cash equivalents | 15 | 11,130,965 | 15,070,876 | |
| | (d) Short-term loans and advances | 16 | 5,490,488 | 10,180,891 | |
| | (e) Other current assets | 17 | <u>4,032,409</u> | <u>5,494,738</u> | 143,204,504 |
| | TOTAL | | <u>188,719,415</u> | <u>199,394,079</u> | |

The Notes form an Integral part of these Financial statements

As per our report attached.
For **MANISH PATEL & COMPANY**
Chartered Accountants
Firm Reg. No. 126272W

MANISH PATEL
Proprietor
Membership No. 107367
Mumbai: May 13, 2016

For and on behalf of the Board of Directors
AMIT PATEL Managing Director
(DIN : 00005232)
JAGDISH VASA Director
(DIN : 00170466)
ADITYA PATEL Chief Financial Officer
(DIN : 00005276)
AMITA VISHWAKARMA Company Secretary

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

| | Note | Year ended 31/03/2016 | Year ended 31/03/2015 |
|--|------|--------------------------|--------------------------|
| Revenue from operations (gross) | 18 | 295,191,533 | 371,745,251 |
| Less: Excise duty | | 20,774,000 | 27,229,935 |
| Revenue from operations (net) | | 274,417,533 | 344,515,316 |
| Other income | 19 | 5,503,747 | (1,445,303) |
| Total revenue | | 279,921,280 | 343,070,013 |
| Expenses | | | |
| (a) Cost of materials consumed | 20 | 165,044,792 | 226,704,311 |
| (b) Purchase of stock-in-trade | 21 | 4,996,880 | 3,311,447 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 22 | 9,114,800 | (619,189) |
| (d) Employee benefit expense | 23 | 22,961,924 | 21,823,742 |
| (e) Finance costs | 24 | 963,612 | 2,087,886 |
| (f) Depreciation and amortisation expense | 10 | 3,970,152 | 4,173,426 |
| (g) Other expenses | 25 | 41,066,701 | 64,005,494 |
| Total expenses | | 248,118,861 | 321,487,117 |
| Profit before exceptional and extraordinary items and tax | | 31,802,419 | 21,582,896 |
| Exceptional items :- | | | |
| Provision for Dimunition in value of investment | 11 | – | (26,436) |
| | | – | (26,436) |
| Profit before extraordinary items and tax | | 31,802,419 | 21,556,460 |
| Extraordinary items | | – | – |
| Profit before tax | – | 31,802,419 | 21,556,460 |
| Tax Expense : | | | |
| Current Tax | | (9,400,000) | (6,800,000) |
| Deferred Tax | 5 | (1,382,634) | 267,307 |
| Earlier Years | | – | 493,385 |
| | | (10,782,634) | (6,039,308) |
| Profit for the year | | 21,019,785 | 15,517,152 |
| Earnings per Equity Share | | | |
| [Face Value of ₹ 10 per Equity share) | | | |
| Basic and Diluted earning per share (₹)] | | 3.50 | 2.59 |

As per our report attached.

For **MANISH PATEL & COMPANY**

Chartered Accountants

Firm Reg. No. 126272W

MANISH PATEL

Proprietor

Membership No. 107367

Mumbai: May 13, 2016

For and on behalf of the Board of Directors

AMIT PATEL

Managing Director

(DIN : 00005232)

JAGDISH VASA

Director

(DIN : 00170466)

ADITYA PATEL

Chief Financial Officer

(DIN : 00005276)

AMITA VISHWAKARMA

Company Secretary

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

| | | | (Rupees) |
|---|--------------------|--------------|--------------------|
| | 2015-2016 | | 2014-2015 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit before Tax and extraordinary items | 31,802,419 | | 21,582,896 |
| ADJUSTMENTS FOR : | | | |
| Depreciation | 3,970,152 | | 4,173,426 |
| Interest Paid | 877,661 | | 1,971,586 |
| Loss/(Profit) on Sale of Fixed asset | (116,225) | 4,731,588 | 145,326 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES. | 36,534,007 | | 27,873,234 |
| ADJUSTMENTS FOR : | | | |
| Trade and other Receivables | 4,112,216 | | 17,036,399 |
| Taxes | (31,042) | | 3,218,884 |
| Inventories | 4,191,617 | | 10,463,122 |
| Trade payable and others | (15,487,688) | | (25,327,548) |
| Repayment of Short Term Borrowings | (11,806,355) | (19,021,252) | (4,502,058) |
| Cash Generated from Operations | 17,512,755 | | 28,762,033 |
| Interest paid | (877,661) | | (1,971,586) |
| Direct Taxes paid | (9,368,958) | (10,246,619) | (9,525,499) |
| Cash flow before extraordinary items. | 7,266,136 | | 17,264,948 |
| Extraordinary Items | - | | - |
| NET CASH FROM OPERATING ACTIVITIES (A) | 7,266,136 | | 17,264,948 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets (Including Capital WIP) | (4,067,311) | | (5,316,085) |
| Purchase of investments | (1,497,600) | | (374,700) |
| Sale of Fixed Assets | 141,905 | (5,423,006) | 555,554 |
| NET CASH USED IN INVESTING ACTIVITIES (B) | (5,423,006) | | (5,135,231) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Long Term Loan | - | | (319,388) |
| Increase in Paid-up Capital | - | | - |
| Dividends paid | (5,783,040) | (5,783,040) | (5,615,760) |
| NET CASH FROM FINANCING ACTIVITIES (C) | (5,783,040) | | (5,935,148) |
| NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C) | (3,939,910) | | 6,194,569 |
| CASH & CASH EQUIVALENTS: | (3,939,910) | | 6,194,569 |
| Opening Balance at Beginning of the year | 15,070,876 | | 8,876,307 |
| Closing Balance at the End of the year | 11,130,966 | | 15,070,876 |
| NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS | (3,939,910) | | 6,194,569 |

As per our report attached.
For **MANISH PATEL & COMPANY**
Chartered Accountants
Firm Reg. No. 126272W

MANISH PATEL
Proprietor
Membership No. 107367
Mumbai: May 13, 2016

For and on behalf of the Board of Directors
AMIT PATEL Managing Director
(DIN : 00005232)
JAGDISH VASA Director
(DIN : 00170466)
ADITYA PATEL Chief Financial Officer
(DIN : 00005276)
AMITA VISHWAKARMA Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

CORPORATE PROFILE:

Daikaffil Chemicals India Ltd is ("Daikaffil" or "The Company" or "Parent Company") engaged in the business of manufacturing and trading in chemicals and Dye-stuff. The Company has a manufacturing plant at Tarapur, India and sells in Domestic as well as international markets through distribution channels. The Company is a public limited Company and is listed on the Bombay Stock Exchange (BSE).

Note 1. SIGNIFICANT ACCOUNTING POLICIES:**1) BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS :**

The financial statements are prepared under historical cost convention on an accrual basis and are generally in accordance with the requirements of the Companies Act, 2013 and the accounting principles generally accepted in India and comply with the Accounting Standards notified by the Companies (Accounting standards) Rules, 2014.

2) Current non-current classification

All assets and liabilities are classified into current and non-current

Assets

An asset is classified as current when it satisfies any of the following criteria :

- a) it is expected to be realized in, or is intended for sale or consumption in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) it is expected to be realized within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
 - b) it is held primarily for the purpose of being traded;
 - c) it is due to be settled 12 months after the reporting date;
- Or
- d) the Company does not have an unconditional right to defer settlement of liability for atleast 12 months after the reporting date

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current

3) FIXED ASSETS :

Fixed Assets are stated at the original cost including other expenses related to acquisition and installation, net of tax / duty credits availed less accumulated depreciation.

4) DEPRECIATION :

- a) Depreciation on fixed assets is provided on straight line method based on useful life of the assets at the rates and in the manner laid down in Schedule II to the Companies Act, 2013.
- b) Depreciation on assets acquired / purchased during the year has been provided on pro rata basis according to the period each asset was put to use during the year.

5) IMPAIRMENT OF ASSETS

An Asset is treated as Impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

6) FOREIGN CURRENCY TRANSACTIONS.

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are translated at the exchange rate prevailing on the last date of the accounting year. Gain or loss arising out of translation / conversion is taken credit for or charged to Profit and Loss Account.

7) INVESTMENTS :

Long term investments are stated at cost. Provision for Diminution in value is made to recognize decline, other than temporary in the value of investments.

8) INVENTORIES :

Items of Inventory are valued at lower of cost or net realizable value (Except Stores and Packing materials which are valued at cost). Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to its location and included where applicable appropriate overheads based on normal level of activity.

9) REVENUE RECOGNITION :

a) Sale of goods:

Sales are recognized when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with delivery. It includes Excise Duty but excludes Value added Tax and Sales Tax.

b) Export sales are accounted on the basis of dates of on board Bill of lading and/ or Airway bill.

c) Export Incentives are accounted on accrual basis.

10) RETIREMENT AND OTHER EMPLOYEE BENEFITS :

a) Defined Contribution Plan:

Contribution paid / payable by the Company during the period to Provident fund and Labour welfare fund are recognized in the statement of profit and loss.

b) Defined Benefit plan:

i) Gratuity Plan:

The Company through an Employee Gratuity Trust Fund has taken an insurance policy under the group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of the Company. The liability for gratuity is ascertained on the basis of actuarial valuation done at the end of the financial year by LIC. The contribution made to the fund is charged to Statement of Profit and Loss.

ii) Leave encashment :

The Company has taken an insurance policy with Life Insurance Corporation of India to cover the Employee's Leave encashment Liability of the Company. The liability for leave encashment is provided on the basis of actuarial valuation done at the end of the financial year by LIC. The contribution made to the fund is charged to Statement of Profit and Loss.

11) TAXES ON INCOME :

The Income tax expense comprises Current tax and Deferred tax. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT Credit/ Asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal tax during the specified period.

12) CONTINGENT LIABILITIES:

The Company recognizes a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---------------------|---------------------|
| Note 2: Share Capital | | |
| a) Authorised | | |
| 65,00,000 (65,00,000) Equity Shares of ₹10/ – Each. | <u>65,000,000</u> | <u>65,000,000</u> |
| b) Issued,subscribed and Paid up : | 60,000,000 | 60,000,000 |
| 60,00,000 (60,00,000) Equity Shares of ₹10/ – Each. | <u>60,000,000</u> | <u>60,000,000</u> |

c) Reconciliation of number of Equity Shares :

| Particulars | As at 31/03/2016 | | As at 31/03/2015 | |
|--------------------------------------|------------------|----------------|------------------|----------------|
| | No. of Shares | Value (Rupees) | No. of Shares | Value (Rupees) |
| Balance at the beginning of the year | 6,000,000 | 60,000,000 | 6,000,000 | 60,000,000 |
| Add: Shares Issued during the year | – | – | – | – |
| Balance at the end of the year | 6,000,000 | 60,000,000 | 6,000,000 | 60,000,000 |

d) Terms/ Rights attached to the Shares :

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

In the event of Liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferred amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Details of Shares held by Shareholders holding more than 5% of the Aggregate Shares in the Company

| Name of the Shareholders | As at 31/03/2016 | | As at 31/03/2015 | |
|---|------------------|------------------------------------|------------------|------------------------------------|
| | No. of Shares | Shares as % of Total No. of Shares | No. of Shares | Shares as % of Total No. of Shares |
| 1 Amit Patel | 927,450 | 15.46% | 927,450 | 15.46% |
| 2 Caffil Private Ltd., | 503,300 | 8.39% | 503,300 | 8.39% |
| 3 H.G.E. Chemical Company S.A. (Luxembourg) | 749,700 | 12.50% | 749,700 | 12.50% |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | As at 31/03/2016 | | As at 31/03/2015 |
|--|-----------------------------|-------------------------------------|---------------------|
| Note 3 : Reserves and Surplus | | | |
| Revaluation Reserve | | | |
| Balance at the beginning of the year | 2,483,400 | 2,483,400 | |
| Add : During the year | <u>—</u> | <u>—</u> | |
| | 2,483,400 | | 2,483,400 |
| Share Premium | | | |
| Balance at the beginning of the year | 3,448,620 | 3,448,620 | |
| Add : During the year | <u>—</u> | <u>—</u> | |
| | 3,448,620 | | 3,448,620 |
| General Reserve | | | |
| Balance at the beginning of the year | 14,700,000 | 12,200,000 | |
| Add : Transferred from surplus | <u>2,500,000</u> | <u>2,500,000</u> | |
| | 17,200,000 | | 14,700,000 |
| Surplus in Statement of Profit and Loss | | | |
| Balance at the beginning of the year | 31,546,996 | 26,184,944 | |
| Add : During the year | <u>21,019,785</u> | <u>15,517,152</u> | |
| | 52,566,781 | 41,702,096 | |
| Less : Appropriations | | | |
| Transfer to General Reserve | (2,500,000) | (2,500,000) | |
| Effect of Revision of Life of Fixed Assets as per Companies Act, 2013 | — | (1,872,060) | |
| Proposed Dividend | (6,000,000) | (4,800,000) | |
| Corporate Dividend Tax Thereon | <u>(1,228,800)</u> | <u>(983,040)</u> | |
| | 42,837,981 | | 31,546,996 |
| | 65,970,001 | | 52,179,016 |
| | As at 31/03/2016 | Charge/ (credit) during the year | As at 31/03/2015 |
| Note 4 : Deferred Tax Liabilities (Net) | | | |
| Deferred Tax Liabilities: | | | |
| on account of timing difference in depreciation | 5,107,785 | 685,547 | 4,422,238 |
| Allowance U/s. 43(B) on Payment Basis | — | — | — |
| Sub-Total | <u>5,107,785</u> | <u>685,547</u> | <u>4,422,238</u> |
| Deferred Tax Assets: | | | |
| on account of Employee Cost / Benefits | (43,593) | (360,092) | 316,499 |
| on account of Allowances / disallowances Under Income Tax Act, 1961 | 229,276 | (336,995) | 566,271 |
| Sub-Total | <u>185,683</u> | <u>(697,087)</u> | <u>882,770</u> |
| Net Deferred tax liability | <u>4,922,102</u> | <u>1,382,634</u> | <u>3,539,468</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | As at 31/03/2016 | As at 31/03/2015 |
|---|-----------------------------|-----------------------------|
| Note 5 : Long Term Provisions | | |
| Employees benefits :- | | |
| Provision for Leave Encashment | 686,286 | 510,669 |
| | <u>686,286</u> | <u>510,669</u> |
| Note 6 Short – Term Borrowings | | |
| Secured Loan # | | |
| From Bank | | |
| – Cash Credit | 2,037,667 | – |
| – Export Packing Credit | 5,031,265 | 18,875,287 |
| | <u>7,068,932</u> | <u>18,875,287</u> |
| # Secured against hypothecation of Stock in Trade, Book Debts, Plant and Machinery, Other Fixed Assets and Mortgage by Deposit of Title Deeds of Leasehold Land. | | |
| Note 7 : Trade Payables | | |
| Due to Micro, Small and Medium Enterprises * | 70,032 | 17,706 |
| Due to creditors other than Micro, Small and Medium Enterprises | 34,075,101 | 53,546,428 |
| | <u>34,145,133</u> | <u>53,564,134</u> |
| * Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in 'The Micro, Small & Medium Enterprises, Development Act, 2006'). The Company is generally regular in making payments of dues to such enterprises. | | |
| Note 8 : Other Current Liabilities | | |
| Other Liabilities | 2,200,310 | 727,470 |
| Liability Towards Employees | 3,893,699 | 2,468,693 |
| Statutory Liabilities | 1,006,798 | 155,388 |
| Unpaid Dividend # | 1,382,954 | 1,365,799 |
| Trade Deposit and Advance | 214,400 | 225,115 |
| | <u>8,698,161</u> | <u>4,942,465</u> |
| # As at the year end there is no amount due for payment to the Investor Education & Protection Fund under Section 124(5) of the Companies Act,2013. | | |
| Note 9 : Short Term Provisions | | |
| Provision for Dividend | 6,000,000 | 4,800,000 |
| Provision for Corporate Dividend Tax | 1,228,800 | 983,040 |
| Provision for Income Tax | 16,200,000 | 6,800,000 |
| Less : Advance Tax / TDS | <u>17,734,584</u> | <u>8,365,626</u> |
| | (1,534,584) | (1,565,626) |
| Less Refer Note 17 | <u>(1,534,584)</u> | <u>(1,565,626)</u> |
| | <u>7,228,800</u> | <u>5,783,040</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

Note 10

FIXED ASSETS

| Name of the Assets | Gross Block | | | | | Depreciation | | | Net Block | |
|--------------------------|--------------------|------------------|----------------|--------------------|--------------------------|--------------------|---------------------------------------|-------------------|-------------------|-------------------|
| | As at 31/03/2015 | Additions | Deductions | As at 31/03/2016 | Provided Upto 31/03/2015 | Provided this year | Adjustment/ Deduction during the year | As at 31/03/2016 | As at 31/03/2016 | As at 31/03/2015 |
| LAND (LEASEHOLD) | 3,900,000 | – | | 3,900,000 | – | – | – | – | 3,900,000 | 3,900,000 |
| FACTORY BUILDING | 23,770,831 | 3,591 | | 23,774,422 | 11,044,074 | 794,039 | – | 11,838,113 | 11,936,309 | 12,726,757 |
| FLAT | 319,031 | – | | 319,031 | 100,443 | 5,200 | – | 105,643 | 213,388 | 218,588 |
| PLANT & MACHINERY | 99,034,595 | 2,715,866 | | 101,750,461 | 65,846,223 | 2,101,854 | – | 67,948,078 | 33,802,383 | 33,188,372 |
| ELECTRICAL INSTALLATIONS | 5,863,359 | 16,536 | | 5,879,895 | 4,709,394 | 391,549 | – | 5,100,943 | 778,952 | 1,153,965 |
| LABORATORY EQUIPMENT | 1,591,726 | – | – | 1,591,726 | 758,539 | 199,179 | – | 957,718 | 634,008 | 833,187 |
| OFFICE EQUIPMENTS | 1,432,662 | 87,682 | 5,000 | 1,515,344 | 909,712 | 152,287 | (5,000) | 1,056,999 | 458,345 | 522,950 |
| FURNITURE & FIXTURES | 1,812,744 | – | | 1,812,744 | 794,953 | 198,084 | – | 993,037 | 819,707 | 1,017,791 |
| COMPUTER | 1,135,671 | 206,981 | 16,190 | 1,326,462 | 1,045,627 | 54,905 | (14,652) | 1,085,880 | 240,582 | 90,044 |
| VEHICLES | 501,127 | 639,463 | 501,127 | 639,463 | 476,985 | 73,054 | (476,985) | 73,054 | 566,409 | 24,142 |
| Total | 139,361,746 | 3,670,119 | 522,317 | 142,509,548 | 85,685,950 | 3,970,152 | (496,637) | 89,159,465 | 53,350,083 | 53,675,796 |
| Previous year | 135,048,691 | 5,336,567 | 1,023,512 | 139,361,746 | 79,963,096 | 4,173,426 | 1,549,426 | 85,685,950 | | |
| Capital Work-in-Progress | | | | | | | | | 411,211 | 14,020 |
| | | | | | | | | | <u>53,761,294</u> | <u>53,689,816</u> |

Note : The Company had revalued its Land at market value as at 31/03/94 which resulted in a net increase of ₹24,83,400/ – to its value.

**As at
31/03/2016**

**As at
31/03/2015**

Note 11 : Non Current Investments

Long-term

Unquoted and non trade

Investment in 264666(264666) Equity shares of face value ₹10/
– each of Erca Speciality Chemicals Pvt. Ltd.,

2,646,600

2,646,600

Less: Provision for Dimunition in the value of investment

2,063,950

2,063,950

582,650

582,650

Investment in 13193 (3747) shares of face value ₹100/ – each
of and Premium of ₹ 58.54 (₹ Nil) per share of 9446 shares of
Tarapur Environment Protection Society Ltd.

1,872,300

374,700

2,454,950

957,350

Note 12 : Long Term Loans and Advances

Unsecured and Considered Good

A Security Deposits

664,035

664,035

B Asset with LIC for Leave Encashment (Refer Note 23)

763,055

612,053

C Asset with LIC for Gratuity Fund (Refer Note 23)

57,589

266,321

1,484,679

1,542,409

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | As at 31/03/2016 | As at 31/03/2015 |
|--|---------------------|---------------------|
| Note 13 : Inventories – As certified by Management | | |
| Valued at Lower of Cost or Net Realizable Value : | | |
| Raw Materials | 21,040,677 | 16,118,315 |
| Work-in – Progress | 14,504,683 | 17,986,110 |
| Finished Goods | 3,841,714 | 9,156,265 |
| Stock-in-Trade | 240,037 | 558,859 |
| Valued at Cost : | | |
| Stores and Spares. | 247,748 | 166,417 |
| Packing Materials | 280,250 | 360,760 |
| | 40,155,109 | 44,346,726 |
| Note 14 :Trade Receivables | | |
| <i>Unsecured and Considered Good</i> | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 420,743 | 823,767 |
| Other Trade Receivables | 69,788,778 | 67,287,506 |
| | 70,209,521 | 68,111,273 |
| Note 15 :Cash and Bank Balances | | |
| A Cash and Cash Equivalents : | | |
| Cash on hand | 149,770 | 240,549 |
| Balances with Banks in current accounts | 8,446,217 | 11,578,365 |
| | 8,595,987 | 11,818,914 |
| B Others bank balances :- | | |
| – Deposit Accounts (with maturity more than 3 months but less than 12 months) Lodged as security with Bank as Margin Money against Letters of Credit and Bank Guarantee. | 1,152,024 | 1,886,163 |
| Earmarked balances with bank for Unpaid Dividends | 1,382,954 | 1,365,799 |
| | 2,534,978 | 3,251,962 |
| Total | 11,130,965 | 15,070,876 |
| Note 16 : Short – Term Loans and Advances | | |
| <i>Unsecured and Considered Good</i> | | |
| Prepaid Expenses | 415,424 | 405,704 |
| Cenvat Credit Receivable | 2,781,046 | 2,624,529 |
| Loans to Employees | 103,000 | 124,600 |
| Balances with Government Authorities | 1,798,662 | 6,222,039 |
| Advances to Suppliers | 392,356 | 304,819 |
| Advance towards purchase of Shares of Tarapur Environment Protection Society | – | 499,200 |
| | 5,490,488 | 10,180,891 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | As at 31/03/2016 | As at 31/03/2015 |
|--|---------------------|---------------------|
| Note 17 : Other Current Assets | | |
| <i>Unsecured and Considered Good</i> | | |
| Interest Accrued on Investments/Deposits | 60,429 | 60,917 |
| For others | | |
| For Advance Tax / TDS | 17,734,584 | 8,365,626 |
| Less : Provision for Income Tax | <u>16,200,000</u> | <u>6,800,000</u> |
| | 1,534,584 | 1,565,626 |
| Less Refer note 9 | <u>—</u> | <u>—</u> |
| | 1,534,584 | 1,565,626 |
| For others | | |
| MVAT Recoverable from Govt. | 1,679,013 | 2,449,772 |
| DEPB Licence Unutilised | 758,383 | 1,418,423 |
| | <u>4,032,409</u> | <u>5,494,738</u> |

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

| | Year ended 31/03/2016 | Year ended 31/03/2015 |
|--|--------------------------|--------------------------|
| Note 18: Revenue from Operations | | |
| a) Sale of Products : – (Refer note 18A) | | |
| – Manufactured Finished Goods | 287,023,628 | 361,751,091 |
| – Trading Goods | 6,038,680 | 3,851,420 |
| | <u>293,062,308</u> | <u>365,602,511</u> |
| b) Other Operating Revenue (Export Incentives) | 2,129,225 | 6,142,740 |
| | <u>295,191,533</u> | <u>371,745,251</u> |
| Less : Excise duty | 20,774,000 | 27,229,935 |
| Revenue from Operations(Net) | <u>274,417,533</u> | <u>344,515,316</u> |
| 18A Details of Products Sold | | |
| (i) Sale of finished Goods | | |
| Organic Intermediates (Net of Excise) | 124,371,675 | 120,758,927 |
| Optical Brighteners (Net of Excise) | 141,877,953 | 213,762,229 |
| Add: Excise Duty | 20,774,000 | 27,229,935 |
| (ii) Sale of Goods – in – Trade (Net of Excise Duty) | | |
| Organic Intermediates | 1,496,964 | 3,851,420 |
| Optical Brighteners | 4,541,716 | — |
| | <u>293,062,308</u> | <u>365,602,511</u> |

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

| | Year ended 31/03/2016 | Year ended 31/03/2015 |
|-------------------------------|--------------------------|--------------------------|
| Note 19 : Other Income | | |
| Interest : | | |
| – On Bank Deposits | 685,372 | 178,032 |
| – Others | 262,039 | 183,723 |
| Exchange Gain (Net) | 4,440,111 | (1,916,212) |
| Miscellaneous Income | – | 109,154 |
| Profit on sale of Assets | 116,225 | – |
| | <u>5,503,747</u> | <u>(1,445,303)</u> |

Note 20 : Raw Materials Consumed

Raw materials Consumed :

| | | |
|---------------------------|--------------------|--------------------|
| Opening stock | 16,118,315 | 26,940,640 |
| Add : Purchase | <u>170,035,431</u> | <u>217,912,045</u> |
| | 186,153,746 | 244,852,685 |
| Less : Raw Material Sales | 68,277 | 1,781,768 |
| Less : Loss in transit | – | 248,291 |
| | <u>186,085,469</u> | <u>242,822,626</u> |
| Less : Closing Stock | <u>21,040,677</u> | <u>16,118,315</u> |
| | <u>165,044,792</u> | <u>226,704,311</u> |

(A) Details of Raw Materials Consumed

| | | |
|-------------------------|--------------------|--------------------|
| Chemicals | | |
| Organic Intermediates | 99,357,928 | 131,972,891 |
| Inorganic Intermediates | 65,686,862 | 94,731,420 |
| | <u>165,044,792</u> | <u>226,704,311</u> |

(B) Value of imported and Indigenous of Raw Materials consumed

| | 2015-16 | | 2014-15 | |
|-------------------------|--------------------|---------------------------|--------------------|---------------------------|
| | Value | % to total Consumption | Value | % to total Consumption |
| Raw Materials : | | | | |
| Imported at landed cost | 63,718,581 | 38.61% | 106,115,875 | 46.81% |
| Indigenously obtained | 101,326,211 | 61.39% | 120,588,436 | 53.19% |
| | <u>165,044,792</u> | <u>100.00%</u> | <u>226,704,311</u> | <u>100.00%</u> |

Note 21 : Purchase of Goods – in – Trade

| | | |
|---------------------------------------|------------------|------------------|
| Organic Intermediates (Net of Excise) | <u>1,158,194</u> | <u>3,311,447</u> |
| Optical Brighteners (Net of Excise) | 3,838,686 | – |
| | <u>4,996,880</u> | <u>3,311,447</u> |

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

| | Year ended 31/03/2016 | Year ended 31/03/2015 |
|--|--------------------------|--------------------------|
| Note 22 : Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade | | |
| Opening Stock | | |
| Work – in – Progress | 17,986,110 | 23,338,248 |
| Finished Goods | 9,156,265 | 3,175,132 |
| Stock-in-Trade | <u>558,859</u> | <u>568,665</u> |
| | 27,701,234 | 27,082,045 |
| Less : Closing Stock | | |
| Work – in – Progress | 14,504,683 | 17,986,110 |
| Finished Goods | 3,841,714 | 9,156,265 |
| Stock-in-Trade | <u>240,037</u> | <u>27,701,234</u> |
| | <u>18,586,434</u> | <u>27,701,234</u> |
| | <u>9,114,800</u> | <u>(619,189)</u> |
| Note 22 A : Details of Work In Progress | | |
| Organic Intermediates | 3,538,763 | 6,083,035 |
| Optical Brighteners | <u>10,965,920</u> | <u>11,903,075</u> |
| | <u>14,504,683</u> | <u>17,986,110</u> |
| Note 23 : Employee Benefit expenses | | |
| Salaries, Wages and Bonus | 20,713,660 | 19,332,617 |
| Contribution to Provident, Gratuity and other Funds * | 1,525,377 | 1,534,535 |
| Staff Welfare Expenses | <u>722,887</u> | <u>956,590</u> |
| | <u>22,961,924</u> | <u>21,823,742</u> |
| * As required by Accounting Standard 15 Employees Benefits (AS-15), the disclosures are as under : | | |
| A) Defined Contribution Plans | | |
| a) The Company makes Contribution to Provident fund and employees pension scheme to Defined Contribution plan for qualifying employees. Under the schemes the Company is required to contribute a specified percentage of the payroll costs to fund the benefits | | |
| b) Charge to Statement of Profit and Loss for Defined Contribution Plan is as under : | | |
| – Employers' Contribution to Provident Fund | 497,872 | 553,794 |
| – Employers' Contribution to Employees' State Insurance | 37,161 | 34,152 |
| – Employers' Contribution to Employees' Pension Scheme, 1995 | 605,401 | 549,806 |
| A | <u>1,140,434</u> | <u>1,137,752</u> |
| B) Defined Benefit Plans | | |
| a) The Company offers the following employee benefit scheme to its employees | | |
| i) Gratuity | | |
| ii) Other Defined Benefit plans (Leave Encashment) | | |
| b) Charge to Statement of Profit and Loss for Defined Benefit Plan is as under : | | |
| – Employers' Contribution to LIC Group Gratuity Scheme | 208,732 | 340,024 |
| – Employers' Contribution to LIC Leave Encashment Scheme | 24,616 | 25,976 |
| – LIC fund management charges | 151,595 | 30,783 |
| | <u>—</u> | <u>—</u> |
| B | <u>384,943</u> | <u>396,783</u> |
| Total (A+B) | <u>1,525,377</u> | <u>1,534,535</u> |

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

The following table set outs the funded status of the Defined Benefit schemes and the amounts recognised in the Financial Statements :

| | As at 31/03/2016 | | As at 31/03/2015 | |
|--|------------------|------------------|------------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| A Changes in the Present Value of Obligation | | | | |
| Present Value Of Obligation as at Beginning of the Year | 3,844,202 | 510,668 | 4,511,329 | 642,361 |
| Interest Cost | 307,536 | 40,853 | 360,906 | 51,387 |
| Current Service Cost | 243,509 | 1,172 | 242,291 | 8,966 |
| Past service Cost | - | - | - | - |
| Benefits paid | (57,613) | (28,532) | (1,420,935) | (222,474) |
| Actuarial Gains / (Loss) | (3,028) | 162,125 | 150,611 | 30,428 |
| Present value of Obligation as at the end of the year | <u>4,334,606</u> | <u>686,286</u> | <u>3,844,202</u> | <u>510,668</u> |
| B Changes in the Fair Value of Plan Assets | | | | |
| Fair Value of Assets as at Beginning of the Year | 4,110,523 | 612,053 | 4,459,744 | 769,722 |
| Expected return | 339,285 | 179,534 | 413,784 | 64,805 |
| Actuarial Gains / (Loss) | - | - | - | - |
| Net Contribution by Employer | - | - | 657,930 | - |
| Benefits paid | (57,613) | (28,532) | (1,420,935) | (222,474) |
| Fair value of Assets as at the end of the year | <u>4,392,195</u> | <u>763,055</u> | <u>4,110,523</u> | <u>612,053</u> |
| C Amount Recognised in the Balance sheet | | | | |
| Present value of Obligation as at the end of the year | 4,334,606 | 686,286 | 3,844,202 | 510,668 |
| Fair value of Assets as at the end of the year | 4,392,195 | 763,055 | 4,110,523 | 612,053 |
| Unfunded Liability / (Net asset) Recognised in Balance Sheet | <u>(57,589)</u> | <u>(76,769)</u> | <u>(266,321)</u> | <u>(101,385)</u> |
| D Balance sheet Reconciliation | | | | |
| Net Liability at the beginning of the year | (266,321) | (101,385) | 51,585 | (127,361) |
| Expense Recognised during the year | 208,732 | 24,616 | 340,024 | 25,976 |
| Contribution during the year | - | - | (657,930) | - |
| Net Liability Recongnised at the end of the year | <u>(57,589)</u> | <u>(76,769)</u> | <u>(266,321)</u> | <u>(101,385)</u> |
| E Amount recognised in Statement of Profit & Loss | | | | |
| Current Service Cost | 243,509 | 1,172 | 242,291 | 8,966 |
| Interest Cost | 307,536 | 40,853 | 360,906 | 51,387 |
| Expected Return on Plan Asset | (339,285) | (179,534) | (413,784) | (64,805) |
| Settlemnt Cost / (Credit) | - | - | - | - |
| Past Service cost | - | - | - | - |
| Net Actuarial (Gain)/ Loss regognised in the period | (3,028) | 162,125 | 150,611 | 30,428 |
| Total Expenses charged to Statement of Profit & Loss | <u>208,732</u> | <u>24,616</u> | <u>340,024</u> | <u>25,976</u> |
| F Percentage of each category of Plan assets to Fair Value of plan Assets | | | | |
| (1) Insurer Managed fund | 100% | 100% | 100% | 100% |
| G Actuarial Assumptions | | | | |
| Discount Rate | 8% | 8% | 8% | 8% |
| Expected return on Plan | 8% | 8% | 9% | 8% |
| Salary Escalation | 4% | 4% | 4% | 4% |

The principle plan assets consists of a scheme of insurance taken by the trust, which is a qualifying policy. Breakdown of individual investments that comprise the total plan assets is not supplied by the insurer

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

| | Year ended 31/03/2016 | Year ended 31/03/2015 |
|--|--------------------------|--------------------------|
| Note 24 : Finance Cost | | |
| Bank Interest | 877,661 | 1,971,586 |
| Hire purchase charges | – | 23,399 |
| Processing, documentation and other borrowing cost | 85,951 | 92,901 |
| | <u>963,612</u> | <u>2,087,886</u> |
| Note 25 : Other Expenses | | |
| Manufacturing Expenses | | |
| Consumption of stores and spare parts | 194,161 | 302,827 |
| Power and fuel | 11,115,282 | 13,141,770 |
| Water consumption | 513,718 | 806,926 |
| Water treatment | 476,164 | 1,121,646 |
| Repairs and maintenance – Buildings | 78,821 | 121,563 |
| Repairs and maintenance – Machinery | 1,947,138 | 2,869,010 |
| Electrical Maintenance. | 37,264 | 42,670 |
| Laboratory Expenses | 302,080 | 397,005 |
| Handling Loss | 29,036 | 28,226 |
| TOTAL (A) | <u>14,693,664</u> | <u>18,831,643</u> |
| Selling, Distribution and Administration expenses | | |
| Rent including lease rentals | 807,625 | 956,590 |
| Repairs and maintenance – Others | 104,979 | 170,296 |
| Consumption of packing materials | 6,129,253 | 7,983,449 |
| Insurance | 556,366 | 514,461 |
| Rates and taxes | 332,000 | 381,336 |
| Communication | 513,924 | 581,116 |
| Travelling and conveyance | 1,203,802 | 1,245,123 |
| Printing and stationery | 286,217 | 395,616 |
| Freight and forwarding | 6,336,921 | 7,783,877 |
| Sales commission | 1,010,254 | 15,469,459 |
| Discount on sales | 287,898 | 1,008,531 |
| Business promotion | 264,903 | 248,394 |
| Legal and professional | 2,536,042 | 1,978,616 |
| Payments to auditors | | |
| – Audit Fees | 165,000 | 165,000 |
| – Tax Audit Fees | 60,000 | 60,000 |
| – Certification Fees/Other Services | <u>24,000</u> | <u>16,000</u> |
| Bank Commission & Charges | 473,443 | 504,655 |
| Clearing & Forwarding Charges | 594,487 | 730,494 |
| Export Freight | 464,013 | 1,353,284 |
| Electricity charges | 130,520 | 166,536 |
| Vehicle Expenses | 325,158 | 352,939 |
| Membership & Filing Fees | 432,750 | 235,714 |
| Terminal Handling Charges | 869,961 | 847,478 |
| Loss on sale of Fixed Assets | – | 145,326 |
| Director Sitting fees | 280,000 | 240,000 |
| Entertainment Expenses | 142,644 | 208,872 |
| Share Transfer Expenses | 116,150 | 84,455 |
| Indirect Taxes on Assessment | 1,062,938 | 123,548 |
| Miscellaneous expenses | 861,789 | 1,222,686 |
| TOTAL (B) | <u>26,373,037</u> | <u>45,173,851</u> |
| TOTAL (A + B) | <u>41,066,701</u> | <u>64,005,494</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 26 : Related party Disclosure

I) Name of the Related party and nature of relationship

- A. Associate Enterprises
 – M/s Caffil Private Limited
 – M/s Amichem
 – M/s Erca Speciality Chemicals Pvt. Ltd
- B. Key Management Personnel
 – Mr. Amit Patel (Managing Director)
 – Mr. Aditya Patel (Joint Managing Director)

II) Summary of Transactions with related parties during the year:

| PARTICULARS | | ERCA SPECIALITY | AMICHEM | KEY MANAGEMENT PERSONNEL |
|-------------|-------------------------------------|-----------------|---------|--------------------------|
| 1 | Purchase (Net) | 15,611 | – | – |
| 2 | Service charges for use of premises | – | 807,625 | – |
| 3 | Remuneration to Directors * | – | – | 3,197,227 |
| 4 | Director – Sitting Fees | – | – | 280,000 |

* Excluding Provision for Gratuity & Leave encashment as the actuarial valuation is done on the overall Company basis

Note 27 : Contingent Liabilities

| PARTICULARS | | As at 31/03/2016 | As at 31/03/2015 |
|-------------|-------------------------------|------------------|------------------|
| 1 | Outstanding Letters of Credit | 1,213,588 | 1,159,152 |
| 2 | Outstanding Bank Guarantee | 1,850,000 | 1,850,000 |
| | | 3,063,588 | 3,009,152 |

Note 28 : Commitments

Estimated amount of contract remaining to be executed on capital Account and not provided for ₹1.50 CR. (P.Y. ₹ 25 Lakhs)

Note 29 :

The records of the ROC shows an open charges on the assets of the Company of ₹ 40.00 lakhs of Dena Bank. The said charge has been closed by the Company but the same has get not been cancelled by Dena Bank. The Company has been vigorously following up with the said Bank to complete the cancellation.

Note 30 : Consolidated financial statement

The Company has one Associate concern, M/s. Erca Speciality Chemicals Private Ltd., The Accounts of the said Associate have been consolidated with standalone financial and part and parcel of this statement.

Note 31 : Dues to Micro and Small suppliers

| Particulars | Mar 31,2016 | Mar 31,2015 |
|---|-------------|-------------|
| a) The amounts remaining unpaid at the Balance sheet Date | | |
| – Principal | 70,032 | 17,706 |
| – Interest | – | – |
| b) The amount of Interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) | – | – |
| c) The amount of the payments made to Micro and Small suppliers beyond the appointed day during the year. | | |
| – Principal | 793,914 | 1,785,229 |
| – Interest | – | – |

NOTES TO THE FINANCIAL STATEMENTS

| Particulars | Mar 31,2016 | Mar 31,2015 |
|--|-------------|-------------|
| d) The amount of Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006. | - | - |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year | 14,500 | 30,454 |
| f) Total Interest due but not paid for the earlier years | 72,974 | 42,520 |

Note : The above information has been compiled by the Company on the basis of information made available by vendors during the year 2012

Note 32 : The excise duty payable if any on finished goods held in the factory is neither included in expenditure nor valued in such stock but is accounted for on clearance of goods from factory. This accounting treatment has no impact on profits.

Note 33 : Sundry Debtors and Loans and Advances are subject to confirmation.

Note 34 : Segment Information has not been given as the Company does not have any segment.

Note 35 : Earnings per Share

| Particulars | As at 31/03/2016 | As at 31/03/2015 |
|--|------------------|------------------|
| (A) Profit attributable to Equity Shareholders (₹) | 21,019,785 | 15,517,152 |
| (B) No. of Equity Share outstanding during the year. | 6,000,000 | 6,000,000 |
| (C) Face Value of each Equity Share (₹) | 10 | 10 |
| (D) Basic & Diluted earning per Share (₹) | 3.50 | 2.59 |

Note 36 : Expenditure in Foreign Currency on Account of :-

| | | |
|--------------|---------|------------|
| – Travelling | 401,280 | 264,700 |
| – Commission | 38,100 | 15,021,638 |

Note 37: Earning in Foreign Currency

| | | |
|----------------------|-------------|-------------|
| FOB Value of Exports | 169,915,659 | 219,291,858 |
|----------------------|-------------|-------------|

Note 38: Remittance in Foreign Currency on Account of Dividend

| | | |
|--|---------|---------|
| (a) Number of Non-Resident Shareholders | 2 | 2 |
| (b) Number of Equity shares held by them | 994,700 | 994,700 |
| (c) (i) Amount of dividend Paid (Gross) | 795,760 | 795,760 |
| Tax deducted at source | -- | -- |
| (ii) Year to which dividend relates | 2014-15 | 2013-14 |

Note 39 : Value of Import on CIF Basis

| | | |
|---------------|------------|------------|
| Raw Materials | 58,435,803 | 94,311,229 |
|---------------|------------|------------|

As per our report attached.

For **MANISH PATEL & COMPANY**

Chartered Accountants

Firm Reg. No. 126272W

MANISH PATEL

Proprietor

Membership No. 107367

Mumbai: May 13, 2016

For and on behalf of the Board of Directors

AMIT PATEL

Managing Director

(DIN : 00005232)

JAGDISH VASA

Director

(DIN : 00170466)

ADITYA PATEL

Chief Financial Officer

(DIN : 00005276)

AMITA VISHWAKARMA

Company Secretary

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INDEPENDENT AUDITORS' REPORT**To the Members of****Daikaffil Chemicals India Limited****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Daikaffil Chemicals India Limited (“the Holding Company”) and its associate, (the Holding Company and its associate together referred to as “the Group”) comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss 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 financial statements”)

Management’s Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsibility for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the directors of the holding company, as aforesaid.

Auditor’s Responsibility

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in sub paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st March, 2016 and their consolidated Profit and Loss and their consolidated Cash Flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the associate, whose financial statements reflect total assets of Rs. 24,57,066/- as at 31st March, 2016, total revenues of Rs.151,473/- and net cash flows of (Rs.122,243/-) for the year the year then ended on 31st March, 2016 in which the share of the profit of the Group is Rs.25,261/-. These financial statements have been audited by other auditor whose reports have been furnished to us and our opinion is based solely on the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

- 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 of the aforesaid consolidated financial statements;
- b) in our opinion proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditor;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2016, and taken on record by the Board of Directors of the holding Company, and the reports of the statutory auditors of its associate company, none of the directors of the Group company and its associate company incorporated in India is disqualified as on March 31, 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- f) With respect to the other matters included in the auditor's report in accordance with rule 11 of the Companies (Audit & Auditors) Rules 2015, in our opinion and to best of our information and according to the explanation given to us.
 - a. There were no pending litigations which would impact the consolidated financial position of the Holding Company and its associate.
 - b. The Holding Company and based on the comments in the auditor's report of the associate companies incorporated in India, provision has been made as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts.
 - c. There has been no delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the Holding Company or its associate.

For MANISH PATEL & COMPANY
Chartered Accountants
Firm Reg. No. 126272W

MANISH PATEL
Proprietor
Membership No.107367

Mumbai: 13th May, 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

(Rupees)

| | Note | Consolidated Figures As at 31/03/2016 | | Consolidated Figures As at 31/03/2015 | |
|------------------------------------|------|--|--------------------|--|--------------------|
| A EQUITY AND LIABILITIES | | | | | |
| 1 Shareholders' funds | | | | | |
| (a) Share capital | 2 | 60,000,000 | | 60,000,000 | |
| (b) Reserves and surplus | 3 | 65,995,293 | 125,995,293 | 52,179,048 | 112,179,048 |
| 2 Minority Interest | | | 18,23,824 | | 17,480,39 |
| 3 Non-current liabilities | | | | | |
| (a) Deferred tax liabilities (net) | 4 | 4,850,621 | | 3,520,501 | |
| (b) Long-term provisions | 5 | 686,286 | 5,536,907 | 510,669 | 4,031,170 |
| 3 Current liabilities | | | | | |
| (a) Short-term borrowings | 6 | 7,068,932 | | 18,875,287 | |
| (b) Trade payables | 7 | 34,159,033 | | 53,817,843 | |
| (c) Other current liabilities | 8 | 8,709,561 | | 4,996,141 | |
| (d) Short-term provisions | 9 | 7,228,800 | 57,166,326 | 5,783,040 | 83,472,311 |
| TOTAL | | | 190,522,350 | | 201,430,568 |
| B ASSETS | | | | | |
| 1 Non-current assets | | | | | |
| (a) Fixed assets | 10 | | | | |
| (i) Tangible assets | | 53,350,083 | | 53,675,796 | |
| (ii) Capital work-in-progress | | 411,211 | | 14,020 | |
| | | 53,761,294 | | 53,689,816 | |
| (b) Non-current investments | 11 | 1,872,300 | | 374,700 | |
| (c) Long-term loans and advances | 12 | 1,484,679 | | 1,542,409 | |
| | | | 57,118,273 | | 55,606,925 |
| 2 Current assets | | | | | |
| (a) Inventories | 13 | 40,155,109 | | 44,395,738 | |
| (b) Trade receivables | 14 | 70,455,220 | | 68,400,995 | |
| (c) Cash and cash equivalents | 15 | 13,063,131 | | 17,125,286 | |
| (d) Short-term loans and advances | 16 | 5,490,488 | | 10,180,891 | |
| (e) Other current assets | 17 | 4,240,129 | 133,404,077 | 5,720,733 | 145,823,643 |
| TOTAL | | | 190,522,350 | | 201,430,568 |

The Notes form an Integral part of these Consolidated Financial statements

As per our report attached.

For **MANISH PATEL & COMPANY**

Chartered Accountants

Firm Reg. No. 126272W

MANISH PATEL

Proprietor

Membership No. 107367

Mumbai: May 13, 2016

For and on behalf of the Board of Directors

AMIT PATEL

Managing Director

(DIN : 00005232)

JAGDISH VASA

Director

(DIN : 00170466)

ADITYA PATEL

Chief Financial Officer

(DIN : 00005276)

AMITA VISHWAKARMA

Company Secretary

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

(Rupees)

| Particulars | Note | Consolidated Figures As at 31/03/2016 | Consolidated Figures As at 31/03/2015 |
|--|------|--|--|
| Revenue from operations (gross) | 18 | 295,191,533 | 372,492,508 |
| Less: Excise duty | | 20,774,000 | 27,229,935 |
| Revenue from operations (net) | | 274,417,533 | 345,262,573 |
| Other income | 19 | 5,640,352 | (1,274,260) |
| Total revenue | | 280,057,885 | 343,988,313 |
| Expenses | | | |
| (a) Cost of materials consumed | 20 | 165,029,924 | 225,097,418 |
| (b) Purchase of stock-in-trade | 21 | 5,007,205 | 5,223,603 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 22 | 9,163,812 | (619,188) |
| (d) Employee benefit expense | 23 | 22,961,924 | 21,976,075 |
| (e) Finance costs | 24 | 963,612 | 2,087,886 |
| (f) Depreciation and amortisation expense | 10 | 3,975,161 | 4,178,435 |
| (g) Other expenses | 25 | 41,093,297 | 64,384,383 |
| Total expenses | | 248,194,935 | 322,328,612 |
| Profit before exceptional and extraordinary items and tax | | 31,862,950 | 21,659,701 |
| Exceptional items :- | | | |
| Provision for Diminution in value of investment | 11 | - | - |
| Short/Excess provision of Income Tax | | - | - |
| Prior-Period Income / (Expenses) | | - | (201,516) |
| Excess Depreciation charged in previous years | | - | - |
| | | - | (201,516) |
| Profit before extraordinary items and tax | | 31,862,950 | 21,458,185 |
| Extraordinary items | | - | - |
| Profit before tax | | 31,862,950 | 21,458,185 |
| Tax Expense : | | | |
| Current Tax | | (9,412,000) | (6,800,000) |
| Deferred Tax | 5 | (1,330,120) | 267,307 |
| Earlier Years | | - | 481,804 |
| | | (10,742,120) | (6,050,889) |
| Less : Minority Interest | | 21,120,830 | 15,407,296 |
| Profit for the year | | (75,783) | 102,219 |
| Earnings per Equity Share | | 21,045,047 | 15,509,515 |
| [Face Value of ₹ 10 per Equity share] | | | |
| Basic and Diluted earning per share (₹)] | | 3.51 | 2.58 |

The Notes form an Integral part of these Consolidated Financial statements

As per our report attached.

For **MANISH PATEL & COMPANY**

Chartered Accountants

Firm Reg. No. 126272W

MANISH PATEL

Proprietor

Membership No. 107367

Mumbai: May 13, 2016

For and on behalf of the Board of Directors

AMIT PATEL

Managing Director

(DIN : 00005232)

JAGDISH VASA

Director

(DIN : 00170466)

ADITYA PATEL

Chief Financial Officer

(DIN : 00005276)

AMITA VISHWAKARMA

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT AS AT 31st MARCH, 2016

(Rs. in lacs)

| | Consolidated Figures 2015-2016 | Consolidated Figures 2014-2015 |
|---|-----------------------------------|-----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax and extraordinary items | 31,862,950 | 21,659,701 |
| ADJUSTMENTS FOR : | | |
| Depreciation | 3,975,161 | 4,178,435 |
| Interest Paid | 877,661 | 1,971,586 |
| Loss/(Profit) on Sale of Fixed asset | (116,225) | 145,326 |
| Investment Income | (136,109) | - |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES. | 36,463,438 | 27,955,048 |
| ADJUSTMENTS FOR : | | |
| Trade and other Receivables | 4,169,504 | 19,369,217 |
| Taxes | (43,565) | 3,233,018 |
| Inventories | 4,240,629 | 10,463,122 |
| Trade payable and others | (15,769,773) | (27,909,253) |
| Repayment of Short Term Borrowings | (11,806,355) | (4,502,059) |
| Cash Generated from Operations | 17,253,878 | 28,609,093 |
| Interest paid | (877,661) | (1,971,586) |
| Direct Taxes paid | (9,368,435) | (9,539,633) |
| Cash flow before extraordinary items. | 7,007,782 | 17,097,874 |
| Extraordinary Items | - | - |
| NET CASH FROM OPERATING ACTIVITIES (A) | 7,007,782 | 17,097,874 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets (Including Capital WIP) | (4,067,311) | (5,316,085) |
| Purchase of investments | (1,497,600) | (374,700) |
| Investment Income | 136,109 | - |
| Sale of Fixed Assets | 141,905 | 555,554 |
| NET CASH USED IN INVESTING ACTIVITIES (B) | (5,286,897) | (5,135,231) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long Term Loan | - | (319,388) |
| Dividends paid | (5,783,040) | (5,615,760) |
| NET CASH FROM FINANCING ACTIVITIES (C) | (5,783,040) | (5,935,148) |
| NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C) | (4,062,155) | 6,027,495 |
| CASH & CASH EQUIVALENTS: | | |
| Opening Balance at Beginning of the year | 17,125,286 | 11,097,791 |
| Closing Balance at the End of the year | 13,063,131 | 17,125,286 |
| NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS | (4,062,155) | 6,027,495 |

As per our report attached.

For **MANISH PATEL & COMPANY**

Chartered Accountants

Firm Reg. No. 126272W

MANISH PATEL

Proprietor

Membership No. 107367

Mumbai: May 13, 2016

For and on behalf of the Board of Directors

AMIT PATEL

Managing Director

(DIN : 00005232)

JAGDISH VASA

Director

(DIN : 00170466)

ADITYA PATEL

Chief Financial Officer

(DIN : 00005276)

AMITA VISHWAKARMA

Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE PROFILE:

Daikaffil Chemicals India Ltd is ("Daikaffil" or "The Company" or "Parent Company") engaged in the business of manufacturing and trading in chemicals and Dye-stuff The company has a manufacturing plant at Tarapur, India and sells in Domestic as well as international markets through distribution channels. The company is a public limited company and is listed on the Bombay Stock Exchange (BSE).

Erca Specialty Chemical Private Ltd. ("ESCP") (The Associate) is engaged in business of trading of Textile Auxiliaries.

Note 1. SIGNIFICANT ACCOUNTING POLICIES:

1) BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS :

The financial statements are prepared under historical cost convention on an accrual basis and are generally in accordance with the requirements of the Companies Act, 2013 and the accounting principles generally accepted in India and comply with the Accounting Standards notified by the Companies (Accounting standards) Rules, 2014.

2) PRINCIPLES OF CONSOLIDATION

A) The consolidated financial statements relate to the Company and its Associate entities {collectively referred here in under as the "Group"}. The consolidated financial statements have been prepared on the following basis:

- a. Investment in Associate company has been accounted under the equity method as per Accounting Standard {AS} 23 "Accounting for Investments in Associates in Consolidation Financial Statement", whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net asset of the Associate company.
- b. The Excess of cost to the Company of its investment in the Associate controlled entity is recognized in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company's share of equity and reserve of such entities over the cost of accordance with the applicable Accounting Standards.
- c. The Consolidation financial statement have been prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

B) The Associates entity considered in the consolidation financial statement is Erca Specialty Chemicals Pvt. Ltd incorporated in India and the parent is holding 25% of voting power as on Mar 31, 2016.

3) CURRENT NON-CURRENT CLASSIFICATION:

All assets and liabilities are classified into current and non-current

Assets

An asset is classified as current when it satisfies any of the following criteria :

- a) it is expected to be realized in, or is intended for sale or consumption in the company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) it is expected to be realized within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled 12 months after the reporting date;

Or

d) the company does not have an unconditional right to defer settlement of liability for atleast 12 months after the reporting date
Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current

4) FIXED ASSETS :

Fixed Assets are stated at the original cost including other expenses related to acquisition and installation, net of tax / duty credits availed less accumulated depreciation.

5) DEPRECIATION :

- a) Depreciation on fixed assets is provided on straight line method based on useful life of the assets at the rates and in the manner laid down in Schedule II to the Companies Act, 2013.
- b) Depreciation on assets acquired / purchased during the year has been provided on pro rata basis according to the period each asset was put to use during the year.

6) IMPAIRMENT OF ASSETS

An Asset is treated as Impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

7) FOREIGN CURRENCY TRANSACTIONS.

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are translated at the exchange rate prevailing on the last date of the accounting year. Gain or loss arising out of translation / conversion is taken credit for or charged to Profit and Loss Account.

8) INVESTMENTS :

Long term investments are stated at cost. Provision for Diminution in value is made to recognize decline, other than temporary in the value of investments.

9) INVENTORIES :

Items of Inventory are valued at lower of cost or net realizable value (Except Stores and Packing materials which are valued at cost). Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to its location and included where applicable appropriate overheads based on normal level of activity.

10) REVENUE RECOGNITION :

a) Sale of goods:

Sales are recognized when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with delivery. It includes Excise Duty but excludes Value added Tax and Sales Tax.

b) Export sales are accounted on the basis of dates of on board Bill of lading and/ or Airway bill.

c) Export Incentives are accounted on accrual basis.

11) RETIREMENT AND OTHER EMPLOYEE BENEFITS :

a) Defined Contribution Plan:

Contribution paid / payable by the company during the period to Provident fund and Labour welfare fund are recognized in the statement of profit and loss.

b) Defined Benefit plan:

i) Gratuity Plan:

The Company through an Employee Gratuity Trust Fund has taken an insurance policy under the group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of the company. The liability for gratuity is ascertained on the basis of actuarial valuation done at the end of the financial year by LIC. The contribution made to the fund is charged to Statement of Profit and Loss.

ii) Leave encashment :

The Company has taken an insurance policy with Life Insurance Corporation of India to cover the Employee's Leave encashment Liability of the company. The liability for leave encashment is provided on the basis of actuarial valuation done at the end of the financial year by LIC. The contribution made to the fund is charged to Statement of Profit and Loss.

12) TAXES ON INCOME :

The Income tax expense comprises Current tax and Deferred tax. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

MAT Credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal Income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT Credit/ Asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal tax during the specified period.

13) CONTINGENT LIABILITIES:

The Company recognizes a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | Consolidated Figures As at 31/03/2016 | Consolidated Figures As at 31/03/2015 |
|---|--|--|
| Note 2: Share Capital | | |
| a) Authorised | | |
| 65,00,000 (65,00,000) Equity Shares of ₹10/ – Each. | <u>65,000,000</u> | <u>65,000,000</u> |
| b) Issued,subscribed and Paid up : | <u>60,000,000</u> | <u>60,000,000</u> |
| 60,00,000 (60,00,000) Equity Shares of ₹10/ – Each. | <u>60,000,000</u> | <u>60,000,000</u> |

c) Reconciliation of number of Equity Shares :

| Particulars | As at 31/03/2016 | | As at 31/03/2015 | |
|--------------------------------------|------------------|----------------|------------------|----------------|
| | No. of Shares | Value (Rupees) | No. of Shares | Value (Rupees) |
| Balance at the beginning of the year | 6,000,000 | 60,000,000 | 6,000,000 | 60,000,000 |
| Add: Shares Issued during the year | – | – | – | – |
| Balance at the end of the year | 6,000,000 | 60,000,000 | 6,000,000 | 60,000,000 |

d) Terms/ Rights attached to the Shares :

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

In the event of Liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferred amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Details of Shares held by Shareholders holding more than 5% of the Aggregate Shares in the Company

| Name of the Shareholders | As at 31/03/2016 | | As at 31/03/2015 | |
|--|------------------|------------------------------------|------------------|------------------------------------|
| | No. of Shares | Shares as % of Total No. of Shares | No. of Shares | Shares as % of Total No. of Shares |
| 1 Amit Patel | 927,450 | 15.46% | 927,450 | 15.46% |
| 2 Caffil Private Ltd., | 503,300 | 8.39% | 503,300 | 8.39% |
| 3 H.G.E. Chemical Company S.A. (Luxembourg) | 749,700 | 12.50% | 749,700 | 12.50% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | Consolidated Figures As at 31/03/2016 | Consolidated Figures As at 31/03/2015 |
|---|--|--|
| Note 3 :Reserves and Surplus | | |
| Revaluation Reserve | | |
| Balance at the beginning of the year | 2,483,400 | 2,483,400 |
| Add : During the year | <u>-</u> | <u>-</u> |
| | 2,483,400 | 2,483,400 |
| Share Premium | | |
| Balance at the beginning of the year | 3,448,620 | 3,448,620 |
| Add : During the year | <u>-</u> | <u>-</u> |
| | 3,448,620 | 3,448,620 |
| General Reserve | | |
| Balance at the beginning of the year | 14,700,000 | 12,200,000 |
| Add : Transferred from surplus | <u>2,500,000</u> | <u>2,500,000</u> |
| | 17,200,000 | 14,700,000 |
| Capital Reserve | | |
| Balance at the beginning of the year | 7,669 | - |
| Add : Reversal of Diminution of Value of Investments in Associate | <u>(7,638)</u> | <u>7,669</u> |
| | 30 | 7,669 |
| Surplus in Statement of Profit and Loss | | |
| Balance at the beginning of the year | 31,546,996 | 26,184,944 |
| Add : During the year | <u>21,045,047</u> | <u>15,509,515</u> |
| | 52,592,043 | 41,694,459 |
| Less : Appropriations | | |
| Transfer to General Reserve | (2,500,000) | (2,500,000) |
| Effect of Revision of Life of Fixed Assets as per Companies Act, 2013 | - | (1,872,060) |
| Proposed Dividend | (6,000,000) | (4,800,000) |
| Corporate Dividend Tax Thereon | <u>(1,228,800)</u> | <u>(983,040)</u> |
| | 42,863,243 | 31,539,359 |
| | <u>65,995,293</u> | <u>52,179,048</u> |
| | Consolidated Figures As at 31/03/2016 | Consolidated Figures As at 31/03/2015 |
| Note 4 : Deferred Tax Liabilities (Net) | | |
| Deferred Tax Liabilities: | | |
| on account of timing difference in depreciation | 5,036,304 | 4,403,271 |
| Allowance U/s. 43(B) on Payment Basis | <u>-</u> | <u>-</u> |
| Sub-Total | <u>5,036,304</u> | <u>4,403,271</u> |
| Deferred Tax Assets: | | |
| on account of Employee Cost / Benefits | (43,593) | 316,499 |
| on account of Allowances / disallowances Under Income Tax Act, 1961 | 229,276 | 566,271 |
| Sub-Total | <u>185,683</u> | <u>882,770</u> |
| Net Deferred tax liability | <u>4,850,621</u> | <u>3,520,501</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | Consolidated Figures As at 31/03/2016 | Consolidated Figures As at 31/03/2015 |
|---|--|--|
| Note 5 : Long Term Provisions | | |
| Employees benefits :- | | |
| Provision for Leave Encashment | 686,286 | 510,669 |
| | <u>686,286</u> | <u>510,669</u> |
| Note 6 Short – Term Borrowings | | |
| Secured Loan # | | |
| From Bank | | |
| – Cash Credit | 2,037,667 | - |
| – Export Packing Credit | 5,031,265 | 18,875,287 |
| | <u>7,068,932</u> | <u>18,875,287</u> |
| # | Secured against hypothecation of Stock in Trade, Book Debts, Plant and Machinery, Other Fixed Assets and Mortgage by Deposit of Title Deeds of Leasehold Land. | |
| Note 7 : Trade Payables | | |
| Due to Micro, Small and Medium Enterprises * | 70,032 | 17,706 |
| Due to creditors other than Micro, Small and Medium Enterprises | 34,089,001 | 53,800,137 |
| | <u>34,159,033</u> | <u>53,817,843</u> |
| * | Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in 'The Micro, Small & Medium Enterprises, Development Act, 2006'). The Company is generally regular in making payments of dues to such enterprises. | |
| Note 8 : Other Current Liabilities | | |
| Other Liabilities | 2,211,710 | 781,146 |
| Liability Towards Employees | 3,893,699 | 2,468,693 |
| Statutory Liabilities | 1,006,798 | 155,388 |
| Unpaid Dividend # | 1,382,954 | 1,365,799 |
| Trade Deposit and Advance | 214,400 | 225,115 |
| | <u>8,709,561</u> | <u>4,996,141</u> |
| # | As at the year end there is no amount due for payment to the Investor Education & Protection Fund under Section 124(5) of the Companies Act, 2013. | |
| Note 9 : Short Term Provisions | | |
| Provision for Dividend | 6,000,000 | 4,800,000 |
| Provision for Corporate Dividend Tax | 1,228,800 | 983,040 |
| Provision for Income Tax | 16,212,000 | 6,800,000 |
| Less : Advance Tax / TDS | <u>17,748,195</u> | <u>8,379,760</u> |
| | (1,536,195) | (1,579,760) |
| Less Refer Note 17 | <u>(1,536,195)</u> | <u>(1,579,760)</u> |
| | - | - |
| | <u>7,228,800</u> | <u>5,783,040</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

Note 10

FIXED ASSETS

| Name of the Assets | Gross Block | | | | | Depreciation | | | Net Block | |
|--------------------------|------------------|-----------|------------|--------------------|--------------------------|--------------------|---------------------------------------|------------------|------------------|------------------|
| | As at 31/03/2015 | Additions | Deductions | As at 31/03/2016 | Provided Upto 31/03/2015 | Provided this year | Adjustment/ Deduction during the year | As at 31/03/2016 | As at 31/03/2016 | As at 31/03/2015 |
| LAND (LEASEHOLD) | 3,900,000 | - | - | 3,900,000 | - | - | - | - | 3,900,000 | 3,900,000 |
| FACTORY BUILDING | 23,770,831 | 3,591 | - | 23,774,422 | 11,044,074 | 794,039 | - | 11,838,113 | 11,936,309 | 12,726,757 |
| FLAT | 319,031 | - | - | 319,031 | 100,443 | 5,200 | - | 105,643 | 213,388 | 218,588 |
| PLANT & MACHINERY | 99,034,595 | 2,715,866 | - | 101,750,461 | 65,846,223 | 2,101,854 | - | 67,948,078 | 33,802,383 | 33,188,372 |
| ELECTRICAL INSTALLATIONS | 5,863,359 | 16,536 | - | 5,879,895 | 4,709,394 | 391,549 | - | 5,100,943 | 778,952 | 1,153,965 |
| LABORATORY EQUIPMENT | 1,591,726 | - | - | 1,591,726 | 758,539 | 199,179 | - | 957,718 | 634,008 | 833,187 |
| OFFICE EQUIPMENTS | 1,432,662 | 87,682 | 5,000 | 1,515,344 | 909,712 | 152,287 | (5,000) | 1,056,999 | 458,345 | 522,950 |
| FURNITURE & FIXTURES | 1,812,744 | - | - | 1,812,744 | 794,953 | 198,084 | - | 993,037 | 819,707 | 1,017,791 |
| COMPUTER | 1,135,671 | 206,981 | 16,190 | 1,326,462 | 1,045,627 | 54,905 | (14,652) | 1,085,880 | 240,582 | 90,044 |
| VEHICLES | 501,127 | 639,463 | 501,127 | 639,463 | 476,985 | 73,054 | (476,985) | 73,054 | 566,409 | 24,142 |
| Total | 139,361,746 | 3,670,119 | 522,317 | 142,509,548 | 85,685,950 | 3,970,152 | (496,637) | 89,159,465 | 53,350,083 | 53,675,796 |
| Previous year | 135,048,691 | 5,336,567 | 1,023,512 | 139,361,746 | 79,963,096 | 4,173,426 | 1,549,426 | 85,685,950 | | |
| Capital Work-in-Progress | | | | | | | | | 411,211 | 14,020 |
| | | | | | | | | | 53,761,294 | 53,689,816 |

Note : The Company had revalued its Land at market value as at 31/03/94 which resulted in a net increase of Rs.24,83,400/- to its value.

| | Year ended 31/03/2016 | Year ended 31/03/2015 |
|---|-----------------------|-----------------------|
| Depreciation | 3,970,152 | 4,173,426 |
| Preliminary Expenses W/o | 5,009 | 5,009 |
| Depreciation and amortisation expense Charged to Profit & Loss for the year | 3,975,161 | 4,178,435 |

**Consolidated Figures
As at 31/03/2016**

**Consolidated Figures
As at 31/03/2015**

Note 11 : Non Current Investments

Long-term

Unquoted and non trade

Investment in 13193 (3747) shares of face value Rs.100/- each of and Premium of Rs. 58.54 (Rs. Nil) per share of 9446 shares of Tarapur Environment Protection Society Ltd.

1,872,300

374,700

1,872,300

374,700

Note 12 : Long Term Loans and Advances

Unsecured and Considered Good

A Security Deposits

664,035

664,035

B Asset with LIC for Leave Encashment (Refer Note 23)

763,055

612,053

C Asset with LIC for Gratuity Fund (Refer Note 23)

57,589

266,321

1,484,679

1,542,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | Consolidated Figures As at 31/03/2016 | Consolidated Figures As at 31/03/2015 |
|--|--|--|
| Note 13 : Inventories – As certified by Management | | |
| Valued at Lower of Cost or Net Realizable Value : | | |
| Raw Materials | 21,040,677 | 16,118,315 |
| Work-in – Progress | 14,504,683 | 17,986,110 |
| Finished Goods | 3,841,714 | 9,156,265 |
| Stock-in-Trade | 240,037 | 607,871 |
| Valued at Cost : | | |
| Stores and Spares. | 247,748 | 166,417 |
| Packing Materials | 280,250 | 360,760 |
| | <u>40,155,109</u> | <u>44,395,738</u> |
| Note 14 :Trade Receivables | | |
| <i>Unsecured and Considered Good</i> | | |
| Outstanding for a period exceeding six months from the date they are due for payment | 666,442 | 1,113,489 |
| Other Trade Receivables | 69,788,778 | 67,287,506 |
| | <u>70,455,220</u> | <u>68,400,995</u> |
| Note 15 :Cash and Bank Balances | | |
| A Cash and Cash Equivalents : | | |
| Cash on hand | 189,267 | 290,371 |
| Balances with Banks in current accounts | 10,338,886 | 13,582,953 |
| | <u>10,528,153</u> | <u>13,873,324</u> |
| B Others bank balances :- | | |
| - Deposit Accounts (with maturity more than 3 months but less than 12 months) Lodged as security with Bank as Margin Money against Letters of Credit and Bank Guarantee. | 1,152,024 | 1,886,163 |
| Earmarked balances with bank for Unpaid Dividends | 1,382,954 | 1,365,799 |
| | <u>2,534,978</u> | <u>3,251,962</u> |
| Total | <u>13,063,131</u> | <u>17,125,286</u> |
| Note 16 : Short – Term Loans and Advances | | |
| <i>Unsecured and Considered Good</i> | | |
| Prepaid Expenses | 415,424 | 405,704 |
| Cenvat Credit Receivable | 2,781,046 | 2,624,529 |
| Loans to Employees | 103,000 | 124,600 |
| Balances with Government Authorities | 1,798,662 | 6,222,039 |
| Advances to Suppliers | 392,356 | 304,819 |
| Advance towards purchase of Shares of Tarapur Environment Protection Society | - | 499,200 |
| | <u>5,490,488</u> | <u>10,180,891</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2016

| | Consolidated Figures As at 31/03/2016 | Consolidated Figures As at 31/03/2015 |
|--|--|--|
| Note 17 : Other Current Assets | | |
| <i>Unsecured and Considered Good</i> | | |
| Interest Accrued on Investments/Deposits | 60,429 | 60,917 |
| For others | | |
| For Advance Tax / TDS | 17,748,195 | 8,379,760 |
| Less : Provision for Income Tax | 16,212,000 | 6,800,000 |
| | 1,536,195 | 1,579,760 |
| Less Refer note 9 | — | — |
| | 1,536,195 | 1,579,760 |
| For others | | |
| MVAT Recoverable from Govt. | 1,875,104 | 2,646,606 |
| DEPB Licence Unutilised | 758,383 | 1,418,423 |
| Misc. Exp to the Extent Not written off | 10,018 | 15,027 |
| | 4,240,129 | 5,720,733 |

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

| | Consolidated Figures Year ended 31/03/2016 | Consolidated Figures Year ended 31/03/2015 |
|--|---|---|
| Note 18: Revenue from Operations | | |
| a) Sale of Products : – (Refer note 18A) | | |
| – Manufactured Finished Goods | 287,023,628 | 361,751,091 |
| – Trading Goods | 6,038,680 | 4,598,677 |
| | 293,062,308 | 366,349,768 |
| b) Other Operating Revenue (Export Incentives) | 2,129,225 | 6,142,740 |
| | 295,191,533 | 372,492,508 |
| Less : Excise duty | 20,774,000 | 27,229,935 |
| Revenue from Operations(Net) | 274,417,533 | 345,262,573 |
| 18A Details of Products Sold | | |
| (i) Sale of finished Goods | | |
| Organic Intermediates (Net of Excise) | 124,371,675 | 120,758,927 |
| Optical Brighteners (Net of Excise) | 141,877,953 | 213,762,229 |
| Add: Excise Duty | 20,774,000 | 27,229,935 |
| (ii) Sale of Goods – in – Trade (Net of Excise Duty) | | |
| Organic Intermediates | 1,496,964 | 3,851,420 |
| Optical Brighteners | 4,541,716 | 747,257 |
| | 293,062,308 | 366,349,768 |

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

| | Consolidated Figures Year ended 31/03/2016 | Consolidated Figures Year ended 31/03/2015 | | |
|---|---|---|--------------------|---------------------------|
| Note 19 : Other Income | | | | |
| Interest : | | | | |
| – On Bank Deposits | 821,481 | 319,365 | | |
| – Others | 262,535 | 213,433 | | |
| Exchange Gain (Net) | 4,440,111 | (1,916,212) | | |
| Miscellaneous Income | - | 109,154 | | |
| Profit on sale of Assets | 116,225 | - | | |
| | <u>5,640,352</u> | <u>(1,274,260)</u> | | |
| Note 20 : Raw Materials Consumed | | | | |
| Raw materials Consumed : | | | | |
| Opening stock | 16,118,315 | 26,940,640 | | |
| Add : Purchase | 170,020,563 | 216,305,152 | | |
| | 186,138,878 | 243,245,792 | | |
| Less : Raw Material Sales | 68,277 | 1,781,768 | | |
| Less : Loss in transit | - | 248,291 | | |
| | 186,070,601 | 241,215,733 | | |
| Less : Closing Stock | 21,040,677 | 16,118,315 | | |
| | <u>165,029,924</u> | <u>225,097,418</u> | | |
| (A) Details of Raw Materials Consumed | | | | |
| Chemicals | | | | |
| Organic Intermediates | 99,343,060 | 130,365,998 | | |
| Inorganic Intermediates | 65,686,864 | 94,731,420 | | |
| | <u>165,029,924</u> | <u>225,097,418</u> | | |
| (B) Value of imported and Indigenous of Raw Materials consumed | | | | |
| | Value | % to total Consumption | Value | % to total Consumption |
| Raw Materials : | | | | |
| Imported at landed cost | 63,718,581 | 38.61% | 106,115,875 | 46.81% |
| Indigenously obtained | 101,311,342 | 61.39% | 120,588,436 | 53.19% |
| | <u>165,029,924</u> | <u>100.00%</u> | <u>226,704,311</u> | <u>100.00%</u> |
| Note 21 : Purchase of Goods – in – Trade | | | | |
| | <u>5,007,205</u> | | <u>5,223,603</u> | |
| Organic Intermediates (Net of Excise) | 1,158,194 | | 3,311,447 | |
| Optical Brighteners (Net of Excise) | 3,849,011 | | 1,912,156 | |
| | <u>5,007,205</u> | | <u>5,223,603</u> | |

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

| | Consolidated Figures Year ended 31/03/2016 | | Consolidated Figures Year ended 31/03/2016 | |
|--|---|-------------------------|---|-------------------------|
| Note 22 : Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade | | | | |
| Opening Stock | | | | |
| Work – in – Progress | 17,986,110 | | 23,338,248 | |
| Finished Goods | 9,156,265 | | 3,175,132 | |
| Stock-in-Trade | <u>607,871</u> | <u>27,750,246</u> | <u>617,678</u> | 27,131,058 |
| Less : Closing Stock | | | | |
| Work – in – Progress | 14,504,683 | | 17,986,110 | |
| Finished Goods | 3,841,714 | | 9,156,265 | |
| Stock-in-Trade | <u>240,037</u> | <u>18,586,434</u> | <u>607,871</u> | 27,750,246 |
| | | <u><u>9,163,812</u></u> | | <u><u>(619,188)</u></u> |

Note 22 A : Details of Work In Progress

| | | |
|-----------------------|--------------------------|--------------------------|
| Organic Intermediates | 3,538,763 | 6,083,035 |
| Optical Brighteners | <u>10,965,920</u> | <u>11,903,075</u> |
| | <u><u>14,504,683</u></u> | <u><u>17,986,110</u></u> |

Note 23 : Employee Benefit expenses

| | | |
|---|--------------------------|--------------------------|
| Salaries, Wages and Bonus | 20,713,660 | 19,477,972 |
| Contribution to Provident, Gratuity and other Funds * | 1,525,377 | 1,534,535 |
| Staff Welfare Expenses | <u>722,887</u> | <u>963,568</u> |
| | <u><u>22,961,924</u></u> | <u><u>21,976,075</u></u> |

* As required by Accounting Standard 15 Employees Benefits (AS-15), the disclosures are as under :

A) Defined Contribution Plans

a) The company makes Contribution to Provident fund and employees pension scheme to Defined Contribution plan for qualifying employees. Under the schemes the company is required to contribute a specified percentage of the payroll costs to fund the benefits

b) Charge to Statement of Profit and Loss for Defined Contribution Plan is as under :

| | | |
|--|-------------------------|-------------------------|
| – Employers' Contribution to Provident Fund | 497,872 | 553,794 |
| – Employers' Contribution to Employees' State Insurance | 37,161 | 34,152 |
| – Employers' Contribution to Employees' Pension Scheme, 1995 | 605,401 | 549,806 |
| A | <u><u>1,140,434</u></u> | <u><u>1,137,752</u></u> |

B) Defined Benefit Plans

a) The Company offers the following employee benefit scheme to its employees

i) Gratuity

ii) Other Defined Benefit plans (Leave Encashment)

b) Charge to Statement of Profit and Loss for Defined Benefit Plan is as under :

| | | |
|--|-------------------------|-------------------------|
| – Employers' Contribution to LIC Group Gratuity Scheme | 208,732 | 340,024 |
| – Employers' Contribution to LIC Leave Encashment Scheme | 24,616 | 25,976 |
| – LIC fund management charges | 151,595 | 30,783 |
| B | <u><u>384,943</u></u> | <u><u>396,783</u></u> |
| Total (A+B) | <u><u>1,525,377</u></u> | <u><u>1,534,535</u></u> |

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

The following table set outs the funded status of the Defined Benefit schemes and the amounts recognised in the Financial Statements :

| | Consolidated Figures Year ended 31/03/2016 | | Consolidated Figures Year ended 31/03/2015 | |
|--|---|---------------------|---|---------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| A Changes in the Present Value of Obligation | | | | |
| Present Value Of Obligation as at Beginning of the Year | 3,844,202 | 510,668 | 4,511,329 | 642,361 |
| Interest Cost | 307,536 | 40,853 | 360,906 | 51,387 |
| Current Service Cost | 243,509 | 1,172 | 242,291 | 8,966 |
| Past service Cost | - | - | - | - |
| Benefits paid | (57,613) | (28,532) | (1,420,935) | (222,474) |
| Acturial Gains / (Loss) | (3,028) | 162,125 | 150,611 | 30,428 |
| Present value of Obligation as at the end of the year | <u>4,334,606</u> | <u>686,286</u> | <u>3,844,202</u> | <u>510,668</u> |
| B Changes in the Fair Value of Plan Assets | | | | |
| Fair Value of Assets as at Beginning of the Year | 4,110,523 | 612,053 | 4,459,744 | 769,722 |
| Expected return | 339,285 | 179,534 | 413,784 | 64,805 |
| Acturial Gains / (Loss) | - | - | - | - |
| Net Contribution by Employer | - | - | 657,930 | - |
| Benefits paid | (57,613) | (28,532) | (1,420,935) | (222,474) |
| Fair value of Assets as at the end of the year | <u>4,392,195</u> | <u>763,055</u> | <u>4,110,523</u> | <u>612,053</u> |
| C Amount Recognised in the Balance sheet | | | | |
| Present value of Obligation as at the end of the year | 4,334,606 | 686,286 | 3,844,202 | 510,668 |
| Fair value of Assets as at the end of the year | 4,392,195 | 763,055 | 4,110,523 | 612,053 |
| Unfunded Liability / (Net asset) Recognised in Balance Sheet | <u>(57,589)</u> | <u>(76,769)</u> | <u>(266,321)</u> | <u>(101,385)</u> |
| D Balance sheet Reconciliation | | | | |
| Net Liability at the beginning of the year | (266,321) | (101,385) | 51,585 | (127,361) |
| Expense Recognised during the year | 208,732 | 24,616 | 340,024 | 25,976 |
| Contribution during the year | - | - | (657,930) | - |
| Net Liability Recongnised at the end of the year | <u>(57,589)</u> | <u>(76,769)</u> | <u>266,321</u> | <u>101,385</u> |
| E Amount recognised in Statement of Profit & Loss | | | | |
| Current Service Cost | 243,509 | 1,172 | 242,291 | 8,966 |
| Interest Cost | 307,536 | 40,853 | 360,906 | 51,387 |
| Expected Return on Plan Asset | (339,285) | (179,534) | (413,784) | (64,805) |
| Settlemnt Cost / (Credit) | - | - | - | - |
| Past Service cost | - | - | - | - |
| Net Acturial (Gain)/ Loss regognised in the period | (3,028) | 162,125 | 150,611 | 30,428 |
| Total Expenses charged to Statement of Profit & Loss | <u>208,732</u> | <u>24,616</u> | <u>340,024</u> | <u>25,976</u> |
| F Percentage of each category of Plan assets to Fair Value of plan Assets | | | | |
| (1) Insurer Managed fund | 100% | 100% | 100% | 100% |
| G Acturial Assumptions | | | | |
| Discount Rate | 8% | 8% | 8% | 8% |
| Expected return on Plan | 8% | 8% | 9% | 8% |
| Salary Escalation | 4% | 4% | 4% | 4% |

The principle plan assets consists of a scheme of insurance taken by the trust, which is a qualifying policy. Breakdown of individual investments that comprise the total plan assets is not supplied by the insurer

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

| | Consolidated Figures Year ended 31/03/2016 | Consolidated Figures Year ended 31/03/2015 |
|--|---|---|
| Note 24 : Finance Cost | | |
| Bank Interest | 877,661 | 1,971,586 |
| Hire purchase charges | - | 23,399 |
| Processing, documentation and other borrowing cost | 85,951 | 92,901 |
| | <u>963,612</u> | <u>2,087,886</u> |
| Note 25 : Other Expenses | | |
| Manufacturing Expenses | | |
| Consumption of stores and spare parts | 194,161 | 302,827 |
| Power and fuel | 11,115,282 | 13,141,770 |
| Water consumption | 513,718 | 806,926 |
| Water treatment | 476,164 | 1,121,646 |
| Repairs and maintenance – Buildings | 78,821 | 121,563 |
| Repairs and maintenance – Machinery | 1,947,138 | 2,869,010 |
| Electrical Maintenance. | 37,264 | 42,670 |
| Laboratory Expenses | 302,080 | 397,005 |
| Handling Loss | 29,036 | 28,226 |
| TOTAL (A) | <u>14,693,664</u> | <u>18,831,643</u> |
| Selling, Distribution and Administration expenses | | |
| Rent including lease rentals | 807,625 | 1,175,692 |
| Repairs and maintenance – Others | 104,979 | 170,296 |
| Consumption of packing materials | 6,129,253 | 7,983,449 |
| Insurance | 556,366 | 514,461 |
| Rates and taxes | 332,000 | 381,336 |
| Communication | 513,924 | 595,085 |
| Travelling and conveyance | 1,203,802 | 1,257,119 |
| Printing and stationery | 286,217 | 395,846 |
| Freight and forwarding | 6,338,001 | 7,795,224 |
| Sales commission | 1,010,254 | 15,469,459 |
| Discount on sales | 287,898 | 1,008,531 |
| Business promotion | 264,903 | 248,394 |
| Legal and professional | 2,543,882 | 1,990,982 |
| Payments to auditors | | |
| – Audit Fees | 176,564 | 176,236 |
| – Tax Audit Fees | 60,000 | 60,000 |
| – Certification Fees/Other Services | 24,000 | 24,427 |
| Bank Commission & Charges | 473,443 | 505,502 |
| Clearing & Forwarding Charges | 594,487 | 730,494 |
| Export Freight | 464,013 | 1,353,284 |

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

| | Consolidated Figures Year ended 31/03/2016 | Consolidated Figures Year ended 31/03/2015 |
|------------------------------|---|---|
| Electricity charges | 130,520 | 176,246 |
| Vehicle Expenses | 325,158 | 352,939 |
| Membership & Filing Fees | 432,750 | 235,714 |
| Terminal Handling Charges | 869,961 | 847,478 |
| Loss on sale of Fixed Assets | - | 145,326 |
| Director Sitting fees | 280,000 | 240,000 |
| Entertainment Expenses | 142,644 | 208,872 |
| Share Transfer Expenses | 116,151 | 84,454 |
| Indirect Taxes on Assessment | 1,062,938 | 123,548 |
| Miscellaneous expenses | 867,900 | 1,302,346 |
| TOTAL (B) | 26,399,633 | 45,552,740 |
| TOTAL (A + B) | 41,093,297 | 64,384,383 |

Note 26 : Related party Disclosure

I) Name of the Related party and nature of relationship

A. Associate Enterprises

- M/s Caffil Private Limited
- M/s Amichem
- M/s Erca Speciality Chemicals Pvt. Ltd
- M/s Novakem S.A.

B. Key Management Personnel

- Mr. Amit Patel (Managing Director)
- Mr. Aditya Patel (Joint Managing Director)

II) Summary of Transactions with related parties during the year:

| | PARTICULARS | AMICHEM | KEY MANAGEMENT PERSONNEL |
|---|-------------------------------------|---------|--------------------------------|
| 1 | Purchase (Net) | - | - |
| 2 | Service charges for use of premises | 807,625 | - |
| 3 | Remuneration to Directors * | | 3,197,227 |
| 4 | Director – Sitting Fees | | 280,000 |

* Excluding Provision for Gratuity & Leave encashment as the actuarial valuation is done on the overall Company basis

Note 27 : Contingent Liabilities

| | PARTICULARS | As at 31/03/2016 | As at 31/03/2015 |
|---|-------------------------------|---------------------|---------------------|
| 1 | Outstanding Letters of Credit | 1,213,588 | 1,159,152 |
| 2 | Outstanding Bank Guarantee | 1,850,000 | 1,850,000 |
| | | 3,063,588 | 3,009,152 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 28 : The excise duty payable if any on finished goods held in the factory is neither included in expenditure nor valued in such stock but is accounted for on clearance of goods from factory. This accounting treatment has no impact on profits.

Note 29 : Sundry Debtors and Loans and Advances are subject to confirmation.

Note 30 : Segment Information has not been given as the Company does not have any segment.

Note 31 : Earnings per Share

| Particulars | As at | As at |
|--|------------|------------|
| | 31/03/2016 | 31/03/2015 |
| (A) Profit attributable to Equity Shareholders (₹) | 21,019,785 | 15,517,152 |
| (B) No. of Equity Share outstanding during the year. | 6,000,000 | 6,000,000 |
| (C) Face Value of each Equity Share (₹) | 10 | 10 |
| (D) Basic & Diluted earning per Share (₹) | 3.50 | 2.59 |

Note 32 : Additional Information to Consolidated Financial Statements

| Particulars | As at 31/03/2016 | | For the year ended 31/03/2016 | |
|---|---|-------------|---------------------------------------|------------|
| | Net Assets i.e Total Assets minus Total Liabilities | | Share in Profit or Loss | |
| | As a % of Consolidated Net Assets | Amount | As a % of Consolidated Profit or Loss | Amount |
| PARENT | | | | |
| Daikaffil Chemicals India Ltd | 98% | 125,970,001 | 100% | 21,019,785 |
| ASSOCIATE | | | | |
| Erca Speciality Chemicals Pvt Ltd | 2% | 2,431,765 | 0% | 101,045 |
| Sub-Total | | 128,401,766 | | 21,120,830 |
| Less : Inter Company Adjustments/ Elimination | | 2,406,473 | | 75,783 |
| Total | | 125,995,293 | | 21,045,047 |

As per our report attached.
For **MANISH PATEL & COMPANY**
Chartered Accountants
Firm Reg. No. 126272W

MANISH PATEL
Proprietor
Membership No. 107367
Mumbai: May 13, 2016

For and on behalf of the Board of Directors
AMIT PATEL Managing Director
(DIN : 00005232)
JAGDISH VASA Director
(DIN : 00170466)
ADITYA PATEL Chief Financial Officer
(DIN : 00005276)
AMITA VISHWAKARMA Company Secretary

FORM No. MGT – 11

Proxy Form

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

| | |
|------------------------|--|
| Name of the member (s) | |
| Registered address | |
| Email id | |
| Folio No./ Client Id | |
| DP ID | |

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

| | | |
|----|-----------|--|
| 1. | Name | |
| | Address | |
| | Email Id | |
| | Signature | |

or Falling him

| | | |
|----|-----------|--|
| 2. | Name | |
| | Address | |
| | Email Id | |
| | Signature | |

or Falling him

| | | |
|----|-----------|--|
| 3. | Name | |
| | Address | |
| | Email Id | |
| | Signature | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Friday the 2nd Day of September 2016 at 10.00 A.M. at Plot No.E-4, M.I.D.C. Tarapur, Boisar, Dist: Palgarh – 401 506 and at any adjournment thereof in respect of such resolutions as are indicated below:

| | Resolution | For | Against |
|----|--|------------|----------------|
| 1. | Consideration of Financial Statements and the reports | | |
| 2. | Declaration dividend on Equity Shares | | |
| 3. | Re-appoint Mr Aditya Patel, liable to retire by rotation | | |
| 4. | Appointment of Auditors and fix their remuneration | | |
| 5. | Revision in remuneration of Amit Patel | | |
| 6. | Revision in remuneration of Aditya Patel | | |

Signed thisDay of 2016

Signature of shareholder

Signature of Proxy holder(s)

| |
|------------------------------------|
| Affix ₹ 1/- Revenue Stamp |
|------------------------------------|

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

if undelivered please return to:
LINK INTIME INDIA PVT. LTD.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078
