



DAIKAFIL
CHEMICALS INDIA LIMITED

27
YEARS

27th ANNUAL REPORT

2018-2019

CIN: L24114MH1992PLC067309

DAIKAFFIL

BOARD OF DIRECTORS

Sudhir Patel	(Non-Executive Chairman) DIN: 00012036
Amit Patel	(Managing Director) DIN: 00005232
Aditya Patel	(Jt. Managing Director & C.F.O.) DIN: 00005276
Jagdish Vasa	(Independent Director) DIN: 00170466(Resigned w.e.f. May 23, 2019)
Sunil Merchant	(Independent Director) DIN: 01064306
Maithili Siswawala	(Independent Director) DIN: 07107622

KEY MANAGERIAL PERSONAL

Amit J. Patel	(Managing Director)
Aditya A. Patel	(Chief Financial Officer)
Minal Ladda	(Company Secretary) (Ceased w.e.f. January 31, 2019)
Mohan Bavkar	(Company Secretary) (Appointed w.e.f. February 08, 2019)

SECRETARIAL AUDITOR

Mr. Dinesh Kumar Deora (Practicing Company Secretary)

AUDITORS

CNK & Associates LLP	(Statutory Auditors) (Ceased w.e.f. June 17, 2019)
KC Mehta & Co.	(Statutory Auditors) (Appointed w.e.f. June 17, 2019)
JMT & Associates	(Internal Auditors)

REGISTRARS AND SHARE TRANSFER AGENTS

Link Intime India Pvt Ltd
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083.

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:	02 nd August, 2019
Time:	10.00 A.M.
Venue:	HOTEL SAROVAR RESIDENCY, NEAR HOTEL SAROVAR, P-180, TARAPUR M.I.D.C AREA, CHITRALAY, BOISAR WEST, DIST.PALGHAR- 401 506 TEL NO. 02525-260297/260298.

Sr. No.	Index	Page
1.	Notice of 27 th Annual General Meeting	2
2.	Directors Report along with the Annexure(s) as below:	12
3.	Annexure A – Secretarial Audit Report	21
4.	Annexure B – Management Discussion & Analysis	24
5.	Annexure C – Disclosure on remuneration of Directors/KMP/Employees	26
6.	5 Years Highlights	27
7.	Financial Statement as at 31 st March 2019 and Auditors` Certificate thereon	28
8.	Proxy Form	63

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 **27TH ANNUAL GENERAL MEETING** of the Members of **DAKAFFIL CHEMICALS INDIA LIMITED** will be held on **FRIDAY, THE 02ND DAY OF AUGUST, 2019** at 10.00 A.M. at **HOTEL SAROVAR RESIDENCY, NEAR HOTEL SAROVAR, P-180, TARAPUR M.I.D.C AREA, CHITRALAY, BOISAR WEST, DIST. PALGHAR- 401 506** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
The Standalone Audited Financial Statements for the financial year ended March 31, 2019 including the Audited Balance Sheet as at March 31, 2019 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Aditya Patel, who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint 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 pursuant to approval of the Board of Directors, appointment of K C Mehta & Co., Chartered Accountants, Mumbai, (Firm Registration No.106237W), as the Statutory Auditors, for a period of five years, be and is hereby accorded by Members to hold office from conclusion of this meeting till the conclusion of the 32nd 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.”

SPECIAL BUSINESS:

4. APPROVAL OF REMUNERATION OF MR. AMIT PATEL AS PER SCHEDULE V OF THE COMPANIES ACT, 2013

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

“**RESOLVED THAT** in partial modification of the earlier resolution passed by the shareholders at its 26th Annual General Meeting and pursuant to the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule V of the Companies Act, 2013 and pursuant to approval of Nomination and Remuneration Committee and Board of Directors, consent of the Members be and is hereby accorded to pay remuneration to Mr. Amit Patel, Managing Director of the Company, as per the limits mentioned under Section II (A) of Part II of Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT the limits of schedule V of the Companies Act, 2013 shall be applicable from F.Y.2018-19 onwards;

RESOLVED FURTHER THAT as per the requirements of schedule V the tenure of Mr. Amit Patel shall stand curtailed to three years instead of five years i.e. from period commencing from January 01, 2018 to December 31, 2021;

RESOLVED FURTHER THAT other terms and conditions as mentioned in the resolution passed in the 26th Annual General Meeting, as far as they are in line with Schedule V of the Companies Act, 2013, shall remain the same.”

5. APPROVAL OF REMUNERATION OF MR. ADITYA PATEL AS PER SCHEDULE V OF THE COMPANIES ACT, 2013

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

“**RESOLVED THAT** in partial modification of the earlier resolution passed by the shareholders at its 26th Annual General Meeting and pursuant to the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule V of the Companies Act, 2013 and pursuant to approval of Nomination and Remuneration Committee and Board of Directors, consent of the Members be and is hereby accorded to pay remuneration to Mr. Aditya Patel, Jt. Managing Director and CFO of the Company, as per the limits mentioned under Section II (A) of Part II of Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT the limits of schedule V of the Companies Act, 2013 shall be applicable from F.Y.2018-19 onwards;

RESOLVED FURTHER THAT as per the requirements of schedule V the tenure of Mr. Aditya Patel shall stand curtailed to three years instead of five years i.e. from period commencing from June 01, 2018 to May 31, 2021;

RESOLVED FURTHER THAT other terms and conditions as mentioned in the resolution passed in the 26th Annual General Meeting, as far as they are in line with Schedule V of the Companies Act, 2013, shall remain the same.”

6. Re-appointment of Mr. Sudhir Patel (DIN: 00012036), Independent Director of the Company for a further period of 5 years.

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

“**RESOLVED THAT** pursuant to the provisions of sections 149,152 and any other applicable provisions, if any, of the Companies Act, 2013 (“the act”), read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Sudhir Patel (DIN: 00012036), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years i.e. from September 25, 2019 to September 25, 2023 and whose office shall not be liable to retire by rotation.”

7. Appointment of Mrs. Maithali Siswawala (DIN: 07107622) as Independent Director of the Company for a period of 5 years.

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Maithili Siswawala (holding DIN 07107622), a non-executive Director of the Company, who is eligible for appointment as Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, and who has submitted a declaration that she meets the criteria for Independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for a period of five years w.e.f. May 23, 2019 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

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

Sd/-
Mohan Bavkar

Company Secretary
(Membership no: A 22014)

Place: MUMBAI
Date: June 17, 2019

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 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 inconvenience;
 - (e) Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
 - (f) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
 - (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.
3. 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.
4. 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.
5. 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.
6. 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.
7. The Annual Report of the Company for the year 2018-2019 is also uploaded on the Company's website (www.daikaffil.com)
8. 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.
9. Members are requested to direct all correspondence relating to share matters to the Company's Registrars and Share Transfer Agents.
10. **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.**
11. In accordance with provisions 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.

Commencement of E-Voting:	30 th July 2019 (10.00 A.M onwards)
End of e-voting:	01 st August 2019 (till 5.00 P.M.)
Book Closure	27 th July 2019 to 02 nd August 2019

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 July 2019. The EVSN for voting is 190617001. The Company has appointed Mr. Dinesh Kumar Deora as scrutinizer for the meeting.

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) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 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.

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) 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.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Sd/-
Mohan Bavkar
(Company Secretary)
(Membership No: A 22014)

Registered Office:
E-4, M.I.D.C. Tarapur,
Boisar, District Palghar
Maharashtra-401506

Place: Mumbai
Date: June 17, 2019

ADDITIONAL INFORMATION ON ITEM NO. 3

M/S C N K & Associates LLP, Chartered Accountants (Firm Registration No. 101961 W/ W-100036) who were the Company's statutory Auditors expressed their unwillingness to continue as the statutory auditors of the Company from F.Y. 2019-20 onwards. The Management was informed by the Auditors that the auditors wanted a fee hike and the management was of the view that at this point of time where the Company has incurred inadequate profits its not viable for the Company to pay the fee demanded by the auditors and accordingly it was mutually & amicably decided to part ways. Accordingly, the Auditors have tendered their resignation with effect from June 17, 2019.

The Board of Directors at their meeting held on June 17, 2019 appointed K.C. Mehta and Co., Chartered Accountants, with immediate effect (i.e. June 17, 2019) subject to the approval of shareholders in the ensuing 27th Annual General Meeting.

A brief profile of Auditors is given below:

Established five decades ago, KC Mehta & Co. has, over the years, expanded into a dynamic organization that offers a spectrum of financial services to diverse clientele. As a vibrant association that brings together great minds at work, we adopt a pro-active approach to respond to business needs.

Headquartered in Mumbai India at 508, 5th Floor, The Summit Business Bay, Nr. WEH Metro Station, Off Andheri, Kurla Road, Gundavali, Andheri East, Mumbai, 400069, with branches in Vadodara, Ahmedabad and Bengaluru, they cater to clients across several geographies and service lines.

The Board of Directors recommend the passing of ordinary resolution at Item No. 3.

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

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM Nos. 4 & 5

The Members of the Company had reappointed Mr. Amit Patel and Mr. Aditya Patel as Managing Director and Jt. Managing Director of the Company respectively for a further period of five years in the 26th Annual General Meeting of the Company held in the year 2018.

During the financial year 2018-19 your Company had inadequate profit as compared to previous financial year.

As per Part A of Section II of Part II of Schedule V of the Companies Act, 2013, where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, it may, pay remuneration to the managerial person as per the limits under (A) given below:-

(1)	(2)
Where the effective capital is	Limit of yearly remuneration payable shall not exceed (Rupees)
(i) Negative or less than 5 crores	60 lakhs
(ii) 5 crores and above but less than 100 crores	84 lakhs
(iii) 100 crores and above but less than 250 crores	120 lakhs
(iv) 250 crores and above	120 lakhs plus 0.01% of the effective capital in excess of Rs. 250 Cr.

Your Company's effective capital falls under i. category, hence the limits which shall be applicable post the approval of shareholders shall be as per (i) table above.

Information as required under Schedule V alongwith Notice calling the general meeting is mentioned below:

I. General Information:

Nature of Industry	:	Chemical Manufacturing
Date or Expected date of commencement of commercial production	:	NA
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	:	NA
Financial performance based on given indicators	:	Forms part of the Directors Report under the para Financial Highlights
Foreign investments or collaborations, if any	:	NA

II. Information about the appointees:

Background Details	:	Refer Annexure – 1 to the Notice
Past Remuneration	:	Refer Annexure – 1 to the Notice
Recognition or awards	:	NA
Job Profile and suitability	:	Mr. Amit Patel:

He is on the board of the Company since 1992 and has an extensive experience in Chemical Industry. As an Executive Director, he is charged with the responsibility of enhancing the value of the DAIKAFFIL's Chemical Business. He is also responsible for Business development and Product development.

Mr. Aditya Patel:

He is been the on the Board since 2012. Since then he has shown his leadership quality in the areas of sales, marketing and purchases. Apart from being an Executive Director he is also the Chief Financial Officer of the Company and Member of the Audit Committee.

Remuneration proposed	:	NA
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	:	Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by Mr. Amit Patel and Mr. Aditya Patel, the remuneration is commensurate with the remuneration packages paid to their similar counterparts in other companies.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	:	Refer Annexure – 1 to the Notice

IV. Other Information:

1. Reasons for Loss or Inadequate profits:

Members are hereby informed that there is a slight decline in profits as compared to previous years and no loss has been incurred. The profitability of the Company has been impacted due to increase in the prices of raw material which resulted in lower profit margins. Further the Company is passing a Special Resolution as a matter of abundant precaution pursuant to the proviso of Section II of Part II of Schedule V of the Companies Act, 2013 by partially modifying the earlier resolution, passed in the 26th Annual General Meeting.

2. Steps taken or proposed to be taken for Improvement:

The Company has already taken steps for implementing series of strategic and operational measures that is expected to result in the improvement of the present position. The Management has also strategically planned to address the issue of productivity and thereby increasing its profits and has put in place measures to reduce cost and improve the bottom-line.

3. Expected increase in productivity and profits in measurable terms:

As mentioned in point no.2 the Management has already taken various initiatives to improve its present position, improve market share and its financial performance. It has been aggressively pursuing and implementing the same, which the management is optimistic that it will result in increase in profitability.

ITEM No. 6:

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges, at the 22nd Annual General Meeting held on 26th September, 2014, Mr. Sudhir Patel (DIN: 00012036) was appointed as Independent Director of the Company for a period of 5 (five) consecutive years from 26th September, 2014 to 25th September, 2019, he being eligible for re-appointment for one more term.

The Nomination and Remuneration Committee on the basis of the report of performance evaluation of Independent Directors, has recommended the reappointment of Mr. Sudhir Patel (DIN: 00012036) for a second term of 5(five) consecutive years (commencing from 25th September 2019) on the Board of the Company.

The Board of Directors based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee considers that, given his background, experience and analytical skills along with the contribution made by him during his tenure, the continued association of Mr. Sudhir Patel (DIN: 00012036) as Independent Director would be beneficial to the Company and it is desirable to continue and to avail his service as Independent Director.

Accordingly, it is proposed to re-appoint Mr. Sudhir Patel (DIN: 00012036) as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

The Company has also received a declaration from him confirming that he meets the criteria of independence as prescribed under the Companies Act, 2013 and the Listing Regulations.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Mr. Sudhir Patel (DIN: 00012036) is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Sudhir Patel (DIN: 00012036) for the office of Independent Director of the Company.

In the opinion of the Board, Mr. Sudhir Patel (DIN: 00012036) fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations and is also Independent of the management.

Details of Mr. Sudhir Patel, whose re-appointment as Independent Director is being proposed at Item No. 6 has been provided in the "**Annexure -1**" to the Notice pursuant to the provisions of (i)the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment of Mr. Sudhir Patel (DIN: 00012036) setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

Mr. Sudhir Patel (DIN: 00012036) is the only interested Director in the resolution set out at Item Nos. 6 of the Notice with regard to his re-appointment. The relatives of Mr. Sudhir Patel (DIN: 00012036) may be deemed to be interested in the respective resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in these resolutions.

The above information may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the passing of Special Resolution set out at Item No. 6 of the Notice for approval by the members.

Item No. 7:

The Board at its meeting held on May 23, 2019 appointed Mrs. Maithili Sisawala as Independent Director on the recommendation of Nomination and Remuneration Committee of the Company with effect from May 23, 2019 for a period of five years.

Mrs. Maithili Sisawala was appointed as Non Executive Director on Board w.e.f. March 17, 2015.

However, due to resignation of Mr. Jagdish Vasa, the Board of Directors were of the opinion to appoint Mrs. Maithili Sisawala as Independent Director on Board.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs. 100,000/- proposing her candidature for the office of Independent Director.

The Company has also received from Mrs. Sisawala following declarations:

1. Consent in form DIR-2 for being appointed as a Director pursuant to Section 152 of the Companies Act, 2013;
2. Confirmation of non-disqualification in form DIR-8 for being appointed as a Director pursuant to Section 164 of the Companies Act, 2013;
3. That she meets the criteria of Independence as provided under Section 149(6).

In the opinion of the Board, Mrs. Maithili Sisawala, fulfills the conditions as specified in the Companies Act, 2013 and rules made thereunder and she is Independent of the Management.

Copy of draft letter of appointment of Mrs. Sisawala setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

Mrs. Sisawala is the only interested Director in the resolution set out at Item No. 7 of the Notice with regard to her re-appointment. The relatives of Mrs. Sisawala may be deemed to be interested in the respective resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

The above information may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the passing of Special Resolution set out at Item No. 7 of the Notice for approval by the members.

Annexure – 1: Information about the Directors seeking appointment / re-appointment / approval of remuneration etc. as required under clause 1.2.5 of the Secretarial Standard – 2:

Particulars	Names of Directors			
	Mr. Sudhir Patel	Mr. Amit Patel	Mr. Aditya Patel	Mrs. Maithili Sisawala
Age	74 years	65 Years	39 Years	50 years
Qualification	Diploma in Accountancy & Finance and C.A. (Inter) Kenya	B.Com	B.A. Economics	Diploma in Applied Art (Commercial Art)
Experience (including expertise in specific functional area)/ Brief Resume	Mr. Sudhir Patel has a finance background and has been associated as a Director for a lot of companies for more than 25 years.	Industrialist having business experience in Chemical Industry	Businessman having Experience in Chemical Industry	Freelance Consulting in advertising

Terms and Conditions of Appointment/ Re-Appointment/ approval remuneration etc.	Mr. Sudhir Patel Shall be bound by Schedule IV of the Companies Act, 2013 during his tenure as Independent Director	The terms and condition of Approval of Remuneration shall be as per the limits of Schedule V of the Companies Act, 2013	The terms and condition of Approval of Remuneration shall be as per the limits of Schedule V of the Companies Act, 2013	Mrs. Maithili Siswawala Shall be bound by Schedule IV of the Companies Act, 2013 during her tenure as Independent Director
Remuneration last drawn	NA	Rs.14,89,440/-	Rs. 12,10,410/-	NA
Remuneration proposed to be paid	NA	NA	NA	NA
Date of first appointment on the Board	March 29, 2006	June 19, 1992	August 14, 2012	March 17, 2015
Shareholding in the Company	NIL	889,665	104,499	NIL
Relationship with other Directors/ Key Managerial Personnel	Not related to any of the Directors or Key Managerial Personnel or Promoters of the Company	Father of Mr. Aditya Patel who is Jt. Managing Director and CFO of the Company	Son of Mr. Amit Patel who is Managing Director of the Company	Not related to any of the Directors or Key Managerial Personnel or Promoters of the Company
Number of meetings of the Board attended during the financial year	3	5	4	4
Directorships of other Boards	9	CAFFIL PVT LTD	CAFFIL PVT LTD	NIL
Membership/ Chairmanship of Committees of other Boards	Membership: NIL Chairmanship: NIL	NIL	Membership: 1 Chairmanship: NIL	NIL

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

Sd/-
Mohan Bavkar
(Company Secretary)
(Membership No. A 22014)

Place: Mumbai
Date: June 17, 2019

DIRECTORS' REPORT

Dear Members,

Your Directors have immense pleasure in presenting their 27th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2019.

1. FINANCIAL RESULT

	(₹ in Lakhs)	
	2018-2019	2017 – 2018
Sales etc. and other income	<u>1730.01</u>	<u>2431.50</u>
Profit before Depreciation, Interest and Tax	219.16	409.70
Less: Depreciation	96.33	96.54
Interest	0.47	0.63
	<u>96.80</u>	<u>97.17</u>
Profit before Tax	122.36	312.53
Provision for Tax		
Current Tax	(40.90)	(100.00)
Deferred Tax	2.76	27.20
Earlier Years	1.83	0
	<u>(36.31)</u>	<u>(72.80)</u>
Provision for Diminution in value of investment	---	---
Profit after Tax	86.05	239.73

2. OPERATIONS

During the year under review, your Company's Revenue from operations has declined by 28.85% i.e. from ₹ 2,431.50 lakh in previous year to ₹ 1,730.01 lakh.

3. DIVIDEND

To conserve the resources the Board of Directors do not recommend dividend for F.Y. 2018-19

4. DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

5. EXTRACT OF ANNUAL RETURN

The provisions of section 134 of Companies Act, 2013 were amended vide Companies Amendment Act, 2017 and the said amendment was brought in force w.e.f. 31st July 2018. Accordingly, the requirement of attaching the extract of Annual Return, in format MGT -9 with the Directors Report has been dispensed off and the same needs to be posted on the Company's website, if any, and a link is to be given in the Directors Report.

Accordingly the web link where extract of Annual Return is placed is given below:

<http://www.daikaffil.com/products/240619124154-1.pdf>

6. TRANSFER TO GENERAL RESERVES

The Company doesn't propose to transfer any amount to be transferred to General Reserves.

7. DIRECTORS' AND KEY MANAGERIAL PERSONNEL**A. Independent Directors:**

The Company as on March 31, 2019 has three Independent Directors on Board:

1. Mr. Sudhir Patel
2. *Mr. Jagdish Vasa
3. Mr. Sunil Merchant.

* Mr. Jagdish Vasa resigned w.e.f. May 23, 2019.

All Independent Directors have furnished declarations that they meet the criteria of Independence as laid down under section 149 of the Companies Act, 2013.

The Company has received declarations with respect to independence from all the Independent Directors of the Company. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. A separate meeting of the Independent Director was convened on 12th November 2018, which reviewed the performance of the Board, the Non-Independent Directors and the Chairman.

Mr. Sudhir Patel was appointed as Independent Director on Board under the Companies Act, 2013 in Annual General Meeting held on September 26, 2014 for a period of Five years.

The term of Mr. Sudhir Patel is coming to an end on September 25, 2019. The Board of Directors at their meeting held on May 23, 2019 has reappointed Mr. Sudhir Patel for a further period of five years on recommendation of Nomination and Remuneration committee.

The Board of Directors based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee considers that, given the background, experience and contribution made by Mr. Sudhir Patel during their tenure, the continued association of Mr. Sudhir Patel (DIN: 00012036) would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director for second term. Accordingly, it is proposed to re-appoint Mr. Sudhir Patel (DIN: 00012036) as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company .

His reappointment for a further period of Five years is subject to approval of shareholders at the ensuing annual general meeting. Accordingly, a resolution proposing his reappointment forms part of the notice of the ensuing annual general meeting. All the relevant details with regard to his re-appointment as Independent Director forms part of explanatory statement to the notice.

B. Cessation of Directors:

During the year under review Dr. Giuseppe Seccomandi tendered his resignation w.e.f. May 15, 2018 and accordingly his alternate director Mr. Rajiv Gandhi also ceased to be the Director of the Company as per the provisions of section 161 of the Companies Act, 2013.

During the year under review Mr. Hiroshige Tanaka tendered his resignation w.e.f. June 15, 2018 and accordingly his alternate director Mr. Sunil Merchant also ceased to be the Director of the Company as per the provisions of section 161 of the Companies Act, 2013.

As part of good governance the above information was also disclosed in the F.Y. 2017-18 Directors report.

Mr. Jagdish Vasa tendered his resignation as Independent Director w.e.f. May 23, 2019 due to his ongoing health issues. The Board of Directors with heavy heart accepted his resignation and placed on record its sincere appreciation for his contribution and support which he extended to DAIKAFFIL Family during his tenure as Director for more than a decade. The Board prayed to god for his early recovery and wished him good health.

C. Appointments of Directors:

- i. During the year under review the Board of Directors at their meeting held on June 20, 2018 appointed Mr. Sunil Merchant as Additional Director under the category of Non Executive/Independent Director and accordingly a resolution proposing his appointment was approved by the members at the 26th Annual General Meeting held on August 10, 2018.

Justification for appointing Mr. Sunil Merchant as Independent Director:

Mr. Sunil Merchant is a B.Com Graduate from Mumbai University and holds a certificate in textile from Cotton Technology Research Laboratory. He brings with him an experience of 30 plus years in diverse fields. It will be in the best interest of the Company. Further he has also, served as an Alternate Director of the Company for Mr. Hiroshige Tanaka who was Independent Director of the Company. Accordingly, he is well versed with the function and business of the Company.

- ii. Further the Board of Directors at their meeting held on May 23, 2019 appointed Mrs. Maithili Siswawala as Independent Director of the Company w.e.f May 23, 2019 for a term of five years. Her appointment as Independent Director for a period of Five years is subject to approval of shareholders at the ensuing annual general meeting. Accordingly, a resolution proposing her appointment forms part of the notice of the ensuing annual general meeting. All the relevant details with regard to her appointment as Independent Director forms part of explanatory statement to the notice.

Justification for appointing Mrs. Maithili Siswawala as Independent Director:

Members are hereby informed that Mr. Jagdish Vasa has tendered his resignation as Independent Director due to his ongoing health issues. Mrs. Maithili Siswawala who is non executive director on Board is eligible to be appointed as Independent Director. The Management is of the opinion that as part of good governance it is advisable to appoint one more Independent Director on its Board and on its Committees, wherever applicable. Therefore, it is proposed to appoint Mrs. Maithili Siswawala as Independent Director on Board.

D. Retire by Rotation:

Mr. Aditya Patel retires by rotation at the ensuing Annual General Meeting. He, being eligible, has offered himself for re-appointment as the Director of the Company.

E. Key Managerial Personnel:

Ms. Minal Ladda ceased to be the Company Secretary of the Company with effect from January 31, 2019.

The Board of Directors at its meeting held on February 08, 2019 appointed Mr. Mohan Bavkar as the Company Secretary and Compliance officer of the Company with effect from February 08, 2019.

F. Meetings of Board and Committee:

During the financial year under review the Board met 5 times, Audit Committee met 5 times, Nomination and Remuneration Committee met 4 times and Stakeholders relationship committee met 1 time. The details of which are given below.

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. Further As per para 2.2 of Secretarial Standard-1 issued by Institute of Company Secretaries of India, the Board has set the minimum number and frequency of Committee meetings.

i. Meetings of the Board and Attendance thereof:

Sr. No	Name of the Director	No. of Board Meetings Attended				
		28.05.2018	20.06.2018	14.08.2018	12.11.2018	08.02.2019
1.	Mr. Sudhir Patel (Chairman – Independent Director)	x	✓	✓	x	✓
2.	Mr. Amit Patel (Managing Director)	✓	✓	✓	✓	✓
3.	Mr. Aditya Patel (Jt. Managing Director and Chief Financial Officer)	✓	✓	✓	✓	x
4.	*Mr. Jagdish Vasa (Independent Director)	✓	✓	✓	✓	x
5.	¹Mr. Sunil Merchant (Independent Director)	✓	NA	✓	✓	✓
6.	Mrs. Maithali Siswawala (Non Executive Woman Director)	✓	x	✓	✓	✓
7.	²Mr. Hiroshige Tanaka (Independent Director)	✓	NA	NA	NA	NA

Notes:

- As informed in last F.Y. 2017-18 Directors Report Mr. Sunil Merchant was alternate director of Mr. Hiroshige Tanaka till 15.05.2018 and was then appointed as Independent Director w.e.f. 20.06.2018
- As informed in last F.Y. 2017-18 Directors Report Mr. Hiroshige Tanaka resigned w.e.f. 15.06.2018
- *Mr. Jagdish Vasa, resigned w.e.f. May 23, 2019.

ii. **Committees of the Board:**

The Board of Directors has following committees:

a) **Audit Committee:**

Sr. No	Name of the Member	No. of Meetings Attended				
		28.05.2018	20.06.2018	14.08.2018	12.11.2018	08.02.2019
1.	Mr. Sudhir Patel (Chairman)	*	✓	✓	*	✓
2.	Mr. Aditya Patel (Member)	✓	✓	✓	✓	*
3.	*Mr. Jagdish Vasa (Member)	✓	✓	✓	✓	*
4.	¹Mr. Sunil Merchant (Member)	✓	NA	✓	✓	✓
5.	²Mr. Hiroshige Tanaka (Member)	✓	NA	NA	NA	NA

Notes:

- As informed in last F.Y. 2017-18 Directors Report Mr. Sunil Merchant was alternate director of Mr. Hiroshige Tanaka till 15.05.2018 and was then appointed as Independent Director w.e.f. 20.06.2018 and accordingly the Committee was re constituted by inducting Mr. Sunil Merchant;
- As informed in last F.Y. 2017-18 Directors Report Mr. Hiroshige Tanaka resigned w.e.f. 15.06.2018;
- *Mr. Jagdish Vasa, resigned w.e.f. May 23, 2019.

b) **Stakeholders' Relationship Committee:**

Sr. No	Name of the Member	No. of Meetings Attended
		12.11.2018
1.	*Mr. Jagdish Vasa (Chairman)	✓
2.	Mr. Aditya Patel (Member)	✓
3.	Mr. Sunil Merchant (Member)	✓

Notes:

- As informed in last F.Y. 2017-18 Directors Report Mr. Sunil Merchant was alternate director of Mr. Hiroshige Tanaka till 15.05.2018 and was then appointed as Independent Director w.e.f. 20.06.2018 and accordingly the Committee was re constituted by inducting Mr. Sunil Merchant.
- *Mr. Jagdish Vasa, resigned w.e.f. May 23, 2019.

c) **Nomination and Remuneration Committee:**

Sr. No	Name of the Director	No. of Meetings Attended			
		28.05.2018	20.06.2018	12.11.2018	08.02.2019
1.	*Mr. Jagdish Vasa (Chairman)	✓	✓	✓	X
2.	Mr. Sudhir Patel (Member)	X	✓	X	✓
3.	¹Mr. Sunil Merchant (Independent Director)	✓	NA	✓	✓
4.	²Mr. Hiroshige Tanaka (Independent Director)	✓	NA	NA	NA

Notes:

1. As informed in last F.Y. 2017-18 Directors Report Mr. Sunil Merchant was alternate director of Mr. Hiroshige Tanaka till 15.05.2018 and was then appointed as Independent Director w.e.f. 20.06.2018 and accordingly the Committee was re constituted by inducting Mr. Sunil Merchant;
2. As informed in last F.Y. 2017-18 Directors Report Mr. Hiroshige Tanaka resigned w.e.f. 15.06.2018
3. *Mr. Jagdish Vasa, resigned w.e.f. May 23, 2019.

G. Performance 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, its committees and that of its individual Directors. The evaluation was done based on set questionnaires which were given to them at the time of evaluation.

H. Code of Conduct:

The Directors and senior management personnel has Complied with the Code of Conduct of the Company.

I. Policy on Directors' Appointment and Remuneration:

The Nomination and Remuneration Committee of the Board formulated a Policy relating to the remuneration of Directors, Key Managerial Personnel and other Employees which, inter alia, prescribes the criteria for determining qualifications, positive attributes and independence of Directors. The Policy is available on the web site of the Company www.daikaffil.com and the link for the same is provided below:

<http://www.daikaffil.com/products/101017045532-1.pdf>

8. 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.

9. SUBSIDIARY / ASSOCIATE COMPANY etc.

The Company doesn't have any subsidiary or holding company. The Company had one Associate company viz M/s Erca Speciality Chemicals Private Limited.

During the year under review, the said associate company was liquidated and hence, the Statement pursuant to Section 129 (3) read with rule 5 of Companies (Accounts) Rules, 2014 of the Companies Act 2013 related to Associate Company in FORM AOC-1 is not applicable.

10. CONSOLIDATED FINANCIAL STATEMENT

During the year under review your Company's associate ERCA SPECIALITY CHEMICLAS PRIVATE LIMITED was liquidated and hence, requirement of Consolidation of Audited Financial Statement for the financial year ended March 31, 2019, is not required.

11. AUDITORS

a. Statutory Auditors:

During the year under review, the Auditors M/s. Manish Patel and Co., resigned with effect from May 28, 2018.

The Board of Directors at their meeting held on June 20, 2018 appointed C N K & Associates LLP, Chartered Accountants, Mumbai, bearing Firm Registration Number: 101961 W/ W-100036 as new statutory auditors of the Company. Accordingly, their appointment was approved by the members at 26th Annual General Meeting.

Further, there is no qualification, adverse remark or observation in their audit report.

No instance of fraud was reported by the Auditor during the year.

Additional Information on Statutory Auditors upto the date of Directors Report:

At the Annual General Meeting held on August 10, 2018 M/s. CNK & Associates LLP, 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 2022-2023. M/s. CNK & Associates LLP, Chartered Accountants have carried out the audit of F.Y. 2018-19 i.e. upto March 31, 2019 and has issued audit report upto March 31, 2019.

The Management was informed by CNK & Associates LLP that the auditors wanted a fee hike and the management was of the view that at this point of time where the Company has incurred inadequate profits its not viable for the Company to pay the fee demanded by the auditors and accordingly it was mutually & amicably decided to part ways. Accordingly, the Auditors have tendered their resignation and the same was accepted with effect from June 17, 2019.

Further the Board of Directors at their meeting held on June 17, 2019 appointed KC Mehta & Co., Chartered Accountants firm registration no. 106237W.

As required by the provisions of the Companies Act, 2013, their appointment is to be approved by the members at the general meeting. Accordingly, requisite resolution forms part of the notice convening the AGM.

The Company has received Eligibility certificate letter from them to the effect that their appointment, 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 appointment.

Your Directors recommend their appointment as Statutory Auditors of the Company.

b. Secretarial Auditor:

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 A”**.

Further there is no adverse remark, qualifications or observations contained in the secretarial audit report.

c. Internal Auditor:

As required under Section 138 of the Companies Act, 2013 and Rule 13 of the Companies (Accounts) Rules, 2014, the Internal Audit function is carried out by M/s. JMT & Associates, Chartered Accountants. The Internal Auditors present their report to the Audit Committee. The scope, functioning, periodicity and methodology for conducting the internal audit has been formulated in consultation with the Audit Committee and the Board of Directors.

12. CORPORATE GOVERNANCE REPORT

The paid-up capital of the Company is Rs. 6,00,00,000/- (Rupees Six Crores) i.e. less than Rs. 10 Crores and the Net-worth of the Company is less than 25 Crores as on the last day of the previous financial year.

Pursuant to regulation 15(2) of SEBI (LODR) Regulations, 2015 the compliance with the corporate governance provisions as specified in regulations 17, 18, 19, 20, 21,22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V SHALL NOT apply, in respect of those listed entities whose paid up equity share capital does not exceed rupees ten crore and net worth does not exceed rupees twenty five crore, as on the last day of the previous financial year.

Accordingly your company is exempt from attaching Corporate Governance report.

13. MANAGEMET DISCUSSION AND ANALYSIS

The Management Discussion & Analysis Report, as per Part B of Schedule V under regulation 34(3) of the SEBI (LODR) Regulations, 2015 which forms an integral part of this Report, is annexed herewith as **“Annexure B”**.

14. DISCLOSURE ON REMUNERATION OF DIRECTORS/KMP/EMPLOYEEES

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 C”**.

15. 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 we there by conserve energy and reduce our waste water load.

Foreign Exchange Earnings and Outgo:

(₹ in Lacs)

Foreign Exchange Earnings : 1229.30

Foreign Exchange Outgo : 367.07

16. PARTICULARS OF LOANS, 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.

17. 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.

18. RELATED PARTY TRANSACTIONS:

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Thus, disclosure in form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. All Related Party Transactions are placed before the Audit Committee.

19. 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.

The link for the same has been provided below:

<http://www.daikaffil.com/products/010415064143-1.PDF>

20. 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;

21. SECRETARIAL STANDARDS:

The Directors confirm that the Company is in compliance with applicable secretarial standards issued by Institute of Company Secretaries of India.

22. 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.

23. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company has in place Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees are covered under this policy.

There are no cases filed under the above Act and hence no comments required on disposal of the cases under the same.

No. of complaints filed during the financial year	No. of complaints disposed off during the financial year	No. of complaints pending as at end of the financial year
0	0	0

24. 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.

25. OVERVIEW OF THE INDUSTRY AND IMPORTANT CHANGES IN THE INDUSTRY DURING THE LAST YEAR AND EXTERNAL ENVIRONMENT AND ECONOMIC OUTLOOK:

The information pertaining to overview of the industry and important changes in the Industry and External Environment and Economic Outlook during the last year has been incorporated in Management Discussion and Analysis part of the report. The same forms part of the report.

26. INDUCTION OF STRATEGIC AND FINANCIAL PARTNERS DURING THE YEAR:

During the year under review, your Company did not induct any Strategic and Financial Partner.

27. INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Pursuant to provisions of Section 124(5) of the Companies Act, 2013, dividend for the financial year ended March 31, 2012 and thereafter, which remains unclaimed for a period of 7 years shall 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	Type of Dividend	Date of Declaration	Remained Unclaimed for 7 years (Due date shall be plus 30 days)	Amount lying in the Account as on 31.03.2019
2011-2012	Final Dividend	28-09-2012	03-10-2019	101,651.50
2012-2013	Final Dividend	27-09-2013	03-10-2020	106,831.00
2013-2014	Final Dividend	26-09-2014	03-10-2021	168,752.80
2014-2015	Final Dividend	21-08-2015	25-09-2022	162,889.60
2015-2016	Final Dividend	02-09-2016	06-10-2023	195,463.00
2016-2017	Final Dividend	04-08-2017	11-09-2024	348,736.30
2017-2018	Final Dividend	10-08-2018	17-09-2025	159,662.40

Those Members who have so far not en-cashed their dividend warrants from the final dividend 2011 - 2012 onwards, may approach the Registrar and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd, for making their claim without any further delay as the said unpaid dividends shall be transferred to the Investor Education and Protection Fund of the Central Government pursuant to the provisions of Companies Act.

In terms of Section 124(6) of Companies Act, 2013 and the Rules notified there under, including amendments thereof, the shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years or more, are required to be transferred by the Company to the IEPF Suspense Account.

Accordingly, the Company has transferred shares to IEPF Suspense Account in respect of which dividend has not been paid or claimed since 2010-11. The summary for the same is given below:

Name of Depository	Demat Account Maintained with	Account details
CDSL	SBICAP Securities Limited	DP ID: 1204 7200 Client ID:1367 6780

the break-up/details of total number of shares transferred to Investor Education and Protection Fund (IEPF) is provided below:

Shares held with :	Number of records	Number of shares (Quantity)
CDSL	03	350
NSDL	0	0
Physical	45	6,400
Total	48	6,750

The details of unpaid / unclaimed dividend and number of shares transferred are available on our website:

(www.daikaffil.com)

Shareholders are requested to note that no claim shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years and transferred to Investor Education and Protection Fund of the Central Government. However, Shareholders may claim from IEPF Authority both unclaimed dividend amount and the shares transferred to IEPF Suspense Account as per the applicable provisions of Companies Act, 2013 and rules made thereunder.

28. 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 Directors,
DAIKAFFIL CHEMICALS INDIA LIMITED

Sd/-
AMIT PATEL
Managing Director
(DIN: 00005232)

Sd/-
ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

Place: Mumbai
Date: June 17, 2019

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, 2019

To,
The Members,
Daikaffil Chemicals India Limited
Mumbai

Dear Members,

We 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 us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 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;
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We 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

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

- 1 Secretarial Standards issued by The Institute of Company Secretaries of India.
- 2 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.

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

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

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

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

We further report that during the 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.

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

sd/-
Dinesh Kumar Deora
Partner
FCS NO 5683
C P NO 4119

Place: Mumbai

Date: 8th May, 2019

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

ANNEXURE A

To,
The Members,
Daikaffil Chemicals India Limited
Mumbai

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

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

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

Sd/-
Dinesh Kumar Deora
Partner
FCS NO 5683
C P NO 4119

Place: Mumbai
Date: 8th May, 2019

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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 economic contributory factor in the GDP. In terms of volume, Chemical industry in India is the third largest producer in Asia and sixth largest in the world. Indian chemical industry is expected to double its share in global chemical industry to 5-6% by 2021 registering growth of 8-9% in the next decade.

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.

F.Y. 2018-19 witnessed a lot of volatility in prices. Further due to explosions in China's chemical industries there was in high price rise across the Globe.

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. 2018-19	F.Y. 2017-18
Sales Growth [%]	(-)25.80%	(-)14.25%
Domestic Sales Growth [%]	4.75%	(-)43.66%
Export Sales Growth [%]	(-)32.51%	(-)3.14%

Your company's total sales revenue for the year comprises domestic sales of Rs. 4.19 Crores [P.Y. Rs. 4.00Crores] and export sales of Rs. 12.29 Crores [P.Y.Rs. 18.21Crores].

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 is in one range of product i.e. Organic Dyes and Intermediaries:

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/Master batch. 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 foresees a wide scope of the business in near future and may increase capacity subject to approval from Maharashtra Pollution Control Board.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate system of internal controls commensurate with its size and nature of its business and to 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 has an appropriate internal control system for monitoring the forwards and futures contracts. The Company has not faced any significant negative impact on profitability on account of currency fluctuation in the financial year 2018-2019.

Your Company's 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's range of products are under Japanese technology and therefore we stand a better chance of facing competition from China and Indian manufacturers even though their prices are lower compared to ours. The Consumers are ready to pay the extra price for superior quality. The Company believes that this is the 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 March 31, 2019 were 60.

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

Sd/-
AMIT PATEL
Managing Director
(DIN: 00005232)

Sd/-
ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

Place: Mumbai
Date: June 17, 2019

DISCLOSURE ON REMUNERATION OF DIRECTORS/KMP/EMPLOYEES

Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Name of the Director/Key Managerial Personnel	Designation	Directors Remuneration (₹)	Ratio	Increase (%)
Executive Directors				
Amit Patel	Managing Director	14,89,440	5.22:1	45%
Aditya Patel	Jt. M.D. and C.F. O	12,10,410	4.24:1	54%
Non-Executive Directors (Sitting Fees)				
Mr. Sudhir Patel	Director	82,500	0.29:1	20%
Mr. Jagdish Vasa	Director	1,10,000	0.39:1	78%
Mr. Sunil Merchant	Director	1,10,000	0.39:1	64%
Mrs. Maithili Siswawala	Director	60,000	0.21:1	633%
Ms. Meenal Ladda	Company Secretary	1,75,000	0.61:1	NA
Mr. Mohan Bavkar	Company Secretary	35,000	0.12:1	NA

- (b) **Median remuneration of the Company for all its employees is ₹ 2,85,532/- for the financial year 2018-19.**
- (c) **the number of permanent employees on the rolls of Company: 60**
- (d) **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.
- (e) **Affirmation that the remuneration is as per the remuneration policy of the Company.**
All remuneration of the Directors and Key Managerial Personnel are decided by Nomination & Remuneration Committee and by the Board of Directors.
- (f) **Names of top ten employees of the Company**

Sr. No	Name of the Employee	Designation	Salary
1.	MOHAN P.S.	Manager – Export/import	7,67,654
2.	SUNIL B. SHEDGE	Manager - Finance	7,28,880
3.	GANESH P. IYER	Factory Manager	6,54,662
4.	Vasant Gaikwad	Production Officer	6,07,143
5.	Dinesh Pimple	Production officer	5,77,143
6.	Nilesh Patil	Quality control in Charges	4,62,987
7.	JOAQUIM F. PADU	Accountant	3,74,530
8.	Ketan Patil	Production Supervisor	3,73,347
9.	SWAPAN S. MANDAL	Import Executive	3,71,025
10.	CHIRAG B. SHAH	Accountant	3,51,710

- (g) **Employees who have resigned/ retired during the year**

- Ramesh Deshmukh
- Bhavesh Parmar
- Meenal Ladda

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

Sd/-
AMIT PATEL
Managing Director
(DIN: 00005232)

Sd/-
ADITYA PATEL
Jt. Managing Director
(DIN: 00005276)

Place: Mumbai
Date: June 17, 2019

5 YEARS' HIGHLIGHTS

(₹ In Lacs)

PARTICULARS	2014-15	2015-16	2016-17	2017-18	2018-19
Sales & other Income	3,712.19	3,008.31	2,888.77	2,431.50	1,730.01
Materials Consumed	2,297.01	1,792.01	1,537.18	1,338.59	975.69
Excise Duty	272.30	207.74	189.77	65.15	-
Employees Cost	219.77	229.62	229.37	230.10	224.76
Interest & Finance Charges	20.88	9.63	2.27	2.17	0.47
Depreciation	41.79	39.75	147.96	96.54	96.33
Other Expenses	643.84	410.93	414.80	386.42	310.40
Profit/(Loss) / After Tax & Exceptional Item	216.60	318.63	367.42	312.53	122.36
Exceptional Items					
Diminution in value of Investments	-	-	-	-	
Excess Depreciation charged in previous year	(2.01)				
Provision for Current Tax	(68.00)	(94.12)	(146.28)	(100.00)	(40.90)
MAT Credit Entitlement	-	-	-	-	
Provision for Deferred Tax (Charge) / Credit	2.67	(13.30)	23.31	27.20	2.76
Earlier Years	4.81				1.83
Profit/ (Loss) After Tax & Exceptional Items	154.07	211.21	244.45	239.73	86.05
Equity Dividend	48.00	60.00	102.00	72.00	-
Equity Dividend %	8%	10%	17%	12%	0%
Tax on Equity Dividend	5.10	12.28	20.88	14.74	-
Retained Earnings	100.97	138.93	121.57	152.99	86.05
Earning per Share	2.57	3.52	4.07	4.00	1.43

INDEPENDENT AUDITOR'S REPORT**To the Members of Daikaffil Chemicals India Limited
Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Daikaffil Chemicals India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The other information is not available as on date of signing the report, and hence we do not report on the information other than the financial statements and auditor's report thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Companies Act, 2013, we give in the **Annexure - A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of changes in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;.
 - d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position in its financial statement prepared in accordance with Ind AS.
 - ii. The Company did not have any long-term contracts including derivative for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For C N K & Associates LLP
Chartered Accountants
Firm Registration No.: 101961 W/W-100036

Sd/-
Suresh Agaskar
Partner
Membership No. 110321

Place: Mumbai
Date: May 23, 2019

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (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, all fixed assets have not been physically verified by the management during the year but there is a regular program of verification which in our opinion 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) According to the information and explanations given to us and on the basis of our examination of the records, the title deeds of the immovable properties are in the name of the Company.
- (ii) As informed to us, the inventory has been physically verified by the Management at reasonable intervals during the year, 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 accounts.
- (iii) According to the information and explanations provided to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) are not applicable to the Company.
- (iv) According to the information and explanations provided 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.
- (v) According to the information and explanations provided to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under to the extent notified.
- (vi) According to the information and explanation provided to us, the Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for the Company.
- (vii) According to the information and explanation given to us, in respect of statutory dues,
 - (a) The Company has been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, Goods and Service Tax, Duty of Customs and other statutory dues as applicable. There was no undisputed amounts payable with respect to provident fund, employees' state insurance, income-tax, Goods and Service Tax, Duty of Customs and any other statutory dues in arrears as at March 31, 2019 for a period of six months from the date they became payable.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed amounts in case of dues of Income tax, Customs Duty, Wealth Tax, Excise Duty, etc.
- (viii) According to the records of the Company examined by us and the information and explanations given to us, the company does not have any loans or borrowings from any financial institutions or banks and government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, 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 to the Companies Act, 2013.
- (xii) The Company is not a Nidhi company and therefore the provisions of clause 3 (xii) of the Order are not applicable to the company.
- (xiii) According to the records of the Company examined by us and the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details thereof have been disclosed in the Ind AS Financial Statements etc., as required by the applicable Ind AS.

- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore clause 3(xiv) of the Order is not applicable to the Company.
- (xv) 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. Accordingly, clause 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For C N K & Associates LLP
Chartered Accountants
Firm Registration No.: 101961 W/W-100036

Sd/-
Suresh Agaskar
Partner
Membership No. 110321

Place: Mumbai
Date: May 23, 2019

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, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit 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 operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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, 2019, 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 C N K & Associates LLP

Chartered Accountants

Firm Registration No.: 101961 W/W-100036

Sd/-

Suresh Agaskar

Partner

Membership No. 110321

Place: Mumbai

Date: May 23, 2019

BALANCE SHEET AS AT MARCH 31, 2019

(Rupees)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipments	2	141,555,431	146,905,544
(b) Capital work-in-progress	2	152,822	108,520
(c) Financial Assets			
(i) Investments	3	1,872,300	22,704,272
(ii) Loans	4	513,354	595,340
(iii) Other Financial Assets	5	692,077	707,056
(d) Non Current Tax Assets (Net)	10	763,947	763,947
		<u>145,549,931</u>	<u>171,784,679</u>
(2) Current assets			
(a) Inventories	6	32,704,995	31,016,661
(b) Financial assets			
(i) Trade receivables	7	27,841,060	46,440,998
(ii) Cash and cash equivalents	8	62,395,568	29,711,587
(iii) Bank balances other than (ii) above		4,311,965	5,390,217
(iv) Loans	4	168,000	174,000
(v) Other Financial Assets	9	42,124	45,679
(c) Current Tax Assets (Net)	10	-	-
(d) Other current assets	11	7,905,466	17,997,760
		<u>135,369,178</u>	<u>130,776,902</u>
Total Assets		<u>280,919,109</u>	<u>302,561,581</u>
EQUITY AND LIABILITIES			
(1) Equity			
Equity Share capital	12	60,000,000	60,000,000
Other Equity	13	194,555,022	195,380,702
		<u>254,555,022</u>	<u>255,380,702</u>
LIABILITIES			
(2) Non-current liabilities			
(a) Employee Benefit obligations	14	606,021	287,427
(b) Deferred tax liabilities (Net)	15	9,275,847	9,616,194
		<u>9,881,868</u>	<u>9,903,621</u>
(3) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises; and	16	556,353	2,894,516
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	16	9,945,432	26,731,503
(ii) Other Financial liabilities	17	4,253,680	5,027,926
(b) Other current liabilities	18	975,506	1,668,892
(c) Short-term provisions	19	751,248	954,420
		<u>16,482,219</u>	<u>37,277,258</u>
Total Equity and Liabilities		<u>280,919,109</u>	<u>302,561,581</u>

The Notes form an Integral part of these Financial statements

As per our report attached.

 For **CNK & Associates LLP**

Chartered Accountants

Firm Reg. No. 101961 W/W - 100036

Suresh Agaskar
Partner

Membership No. 110321

Mumbai: May 23, 2019

For and on behalf of the Board of Directors

SUNIL H. MERCHANT
Director

(DIN : 01064306)

AMIT J. PATEL
Managing Director

(DIN : 00005232)

ADITYA A. PATEL
Chief Financial Officer

(DIN : 00005276)

MOHAN P.BAVKAR
Company Secretary

Mumbai: May 23, 2019

(Membership No. 22014)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rupees)

Particulars	Note	Year ended 31/03/2019	Year ended 31/03/2018
I Revenue from operations	20	168,390,953	234,661,713
II Other income	21	<u>4,610,290</u>	<u>8,488,000</u>
III Total Income : (I+II)		173,001,243	243,149,713
IV Expenses			
(a) Cost of raw materials consumed	22	100,449,072	131,096,515
(b) Purchase of Stock-in-trade	23	433,441	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(3,313,009)	2,759,697
(e) Employee benefit expense	25	22,475,953	23,010,305
(d) Excise Duty		-	6,515,569
(f) Finance costs	26	47,296	217,459
(g) Depreciation and amortisation expense	2	9,632,965	9,654,526
(h) Other expenses	27	31,039,336	38,641,896
Total expenses : (IV)		160,765,054	211,895,967
V Profit (loss) before exceptional item and tax (I-IV)		12,236,189	31,253,746
VI Exceptional items :-		-	-
VII Profit before tax (V-VI)		12,236,189	31,253,746
VIII Tax Expense :			
(1) Current Tax		(4,090,000)	(10,000,000)
(2) Deferred Tax	15	276,545	2,720,307
(3) Earlier Years		182,552	-
		(3,630,903)	(7,279,693)
IX Profit for the period from continuing operations (VII-VIII)		8,605,286	23,974,053
XIV Other Comprehensive Income / (Expense)			
A (i) Items that will not be reclassified to profit and loss.		(814,787)	(75,424)
- Employee Benefits		-	(421,167)
- Depreciation Effect on Revaluation		-	-
- Reversal of Earlier Provision for Doubtful Debts		-	345,743
(ii) Income Tax relating to item that will not be reclassified to profit and loss.		63,802	64,638
- Employee Benefits (Def. Tax)		63,802	64,638
- Depreciation Effect on Revaluation (Def. Tax)		-	-
- Reversal of Earlier Provision for Doubtful Debts (Def. Tax)		-	-
B (i) Items that will be reclassified to profit and loss			
(ii) Income Tax relating to item that will be reclassified to profit and loss.			
XV Total Comprehensive Income for the period XIII+XIV (Comprising Profit (Loss) and other comprehensive Income for the period)		7,854,301	23,963,267
XVI Earnings per Equity share (for continuing operation) Basic & Diluted		1.43	4.00
XVII Earnings per Equity share (for discontinued continuing operations) Basic & Diluted			
Earnings per Equity Share			
[Face Value of Rs. 10 per Equity share]			
Basic and Diluted earning per share (Rs.)]			

The Notes form an Integral part of these Financial statements

As per our report attached.

For **CNK & Associates LLP**

Chartered Accountants

Firm Reg. No. 101961 W/W - 100036

Suresh Agaskar

Partner

Membership No. 110321

Mumbai: May 23, 2019

For and on behalf of the Board of Directors

SUNIL H. MERCHANT

Director

(DIN : 01064306)

AMIT J. PATEL

Managing Director

(DIN : 00005232)

ADITYA A. PATEL

Chief Financial Officer

(DIN : 00005276)

MOHAN P.BAVKAR

Company Secretary

Mumbai: May 23, 2019

(Membership No. 22014)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(Rupees)

Particulars	Year ended 31/03/2019	Year ended 31/03/2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extraordinary items	12,236,189	31,253,746
ADJUSTMENTS FOR :		
Depreciation	9,632,965	9,654,526
Bad- Debt / Provision for Doubtfull Debts	22,693	345,743
Notional Ind-AS	-	(5,014)
Interest Paid	-	63,016
Loss - Erca Liquidation	105,304	
Gain on sale of mutual funds	(351,944)	-
Dividend Income	(771,784)	
Loss/(Profit) on Sale of Fixed asset	-	22,694
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES.	20,873,423	41,334,711
ADJUSTMENTS FOR :		
Trade and other Receivables	18,577,245	(24,522,080)
Taxes	-	(1,129,278)
Loans and Other Financial Assets	106,520	-
Item relating to Other Comprehensive Income	(814,787)	-
Other Current Assets	10,092,294	-
Other Current Liabilities	(693,387)	-
Inventories	(1,688,334)	3,555,997
Trade payable and others	(19,579,886)	16,223,282
	5,999,665	(5,872,079)
Cash Generated from Operations	26,873,088	35,462,631
Interest paid	-	(63,016)
Direct Taxes (net off refund)	(4,110,620)	(8,870,722)
Cash flow before extraordinary items.	22,762,469	26,528,893
Extraordinary Items	-	-
NET CASH FROM OPERATING ACTIVITIES (A)	22,762,469	26,528,893
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital WIP)	(4,327,155)	(4,419,701)
Fixed Deposit Matured	1,078,252	(2,679,290)
Fixed Deposit Placed	-	-
Sale of Investment	21,078,612	-
Purchase of investments	-	(20,000,000)
Dividend income	771,784	
Sale of Fixed Assets	-	100,000
NET CASH USED IN INVESTING ACTIVITIES (B)	18,601,493	(26,998,991)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loan	-	-
Increase in Paid-up Capital	-	-
Dividends paid (Including Corporate Dividend Tax)	(8,679,981)	(12,276,480)
NET CASH FROM FINANCING ACTIVITIES (C)	(8,679,981)	(12,276,480)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	32,683,981	(12,746,577)
CASH & CASH EQUIVALENTS:		
Opening Balance at Beginning of the year	29,711,588	42,458,166
Closing Balance at the End of the year	62,395,568	29,711,588
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS	32,683,981	(12,746,578)

The Notes form an Integral part of these Financial statements

As per our report attached.

 For **CNK & Associates LLP**

Chartered Accountants

Firm Reg. No. 101961 W/W - 100036

Suresh Agaskar
Partner

Membership No. 110321

Mumbai: May 23, 2019

For and on behalf of the Board of Directors

SUNIL H. MERCHANT
Director
(DIN : 01064306)
AMIT J. PATEL
Managing Director
(DIN : 00005232)
ADITYA A. PATEL
Chief Financial Officer
(DIN : 00005276)
MOHAN P.BAVKAR
Company Secretary

Mumbai: May 23, 2019

(Membership No. 22014)

(a) Equity Share Capital

Particulars	No. of Shares	Amount
Balance As at 1-April - 2017	6,000,000	60,000,000
Changes in Equity Share Capital During the year	-	-
Balance As at March 31, 2018	6,000,000	60,000,000
Changes in Equity Share Capital During the year	-	-
Balance As at March 31, 2019	6,000,000	60,000,000

(b) Other Equity

Particulars	General Reserve	Securities Premium	Retained Earnings	Revaluation Reserve on PPE	Total Other Equity
Balance As at April 01, 2017	20,200,000	3,448,620	74,089,577	87,104,488	183,758,553
Profit For the Year	-	-	23,974,053	-	23,974,053
Other Comprehensive Income			(421,166.80)		(421,167)
Total Comprehensive Income			23,552,886		23,552,886
Payment of Corporate Dividend including Tax	-	-	(12,276,480)	-	(12,276,480)
Transfer to Retained Earning on Account of Depreciation Effect & for Revaluation of PPE	-	-	4,802,422	(4,802,422)	-
Deferred Tax (Other Comprehensive Income)	-	-	(2,011,574)	2,011,574	-
Reversal of Earlier Provision for Doubtful Debts	-	-	345,743	-	345,743
Balance As at April 01, 2018	20,200,000	3,448,620	87,418,442	84,313,640	195,380,702
Profit For the Year	-	-	8,605,286	-	8,605,286
Other Comprehensive Income	-	-	(814,787)	-	(814,787)
Total Comprehensive Income			7,790,499		7,790,499
Payment of Corporate Dividend including Tax	-	-	(8,679,981)	-	(8,679,981)
Transfer to Retained Earning on Account of Depreciation Effect & for Revaluation of PPE	-	-	-	-	-
Deferred Tax (Other Comprehensive Income)	-	-	63,802	-	63,802
Balance As at March 31, 2019	20,200,000	3,448,620	86,592,762	84,313,640	194,555,022

As per our report attached.

For **CNK & Associates LLP**

Chartered Accountants

Firm Reg. No. 101961 W/W - 100036

Suresh Agaskar

Partner

Membership No. 110321

Mumbai: May 23, 2019

For and on behalf of the Board of Directors

SUNIL H. MERCHANT

Director

(DIN : 01064306)

AMIT J. PATEL

Managing Director

(DIN : 00005232)

ADITYA A. PATEL

Chief Financial Officer

(DIN : 00005276)

MOHAN P.BAVKAR

Company Secretary

Mumbai: May 23, 2019

(Membership No. 22014)

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

COMPANY OVERVIEW

Daikaffil Chemicals India Limited ("Daikaffil") is a prominent chemical manufacturing public limited company incorporated and domiciled in India and is listed on the Bombay Stock Exchange (BSE). Its registered office is located at E-4, M.I.D.C. TARAPUR, BOISAR DIST, THANE BOISAR, Maharashtra, India and its manufacturing facility is at the same location. It sells in the Domestic as well as the International markets through distribution channels.

The company manufactures organic chemicals and intermediaries.

1. Significant Accounting Policies

This Note provides a list of the significant Accounting Policies adopted by the Company in the preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

(i) Compliance with Ind AS

The Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial Statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount –

- (a) Certain items of Property, Plant and Equipment
- (b) Certain financial assets and financial liabilities measured at fair value
- (c) Derivative Financial instruments
- (d) Defined benefit plan – plan assets measured at fair value

(ii) Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operated ('functional currency'). The Financial Statements of the Company are presented in Indian Currency (INR), which is also the functional and presentation currency of the Company.

(iii) Use of Estimates and Critical Accounting Judgements

Preparation of the Financial Statements requires use of accounting estimates which, by definition, will never be equal to the actual results. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the future estimate is revised and future periods affected.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements.

Useful Lives and Residual Value of Property, Plant and Equipment - The Company reviews the useful life and residual value of property, plant and equipment at the end of each reporting period. The periodic charge of depreciation is derived after estimating useful life of an asset and expected residual value at the end of its useful life. The useful lives and residual values of assets are as per Schedule II of the Companies Act, 2013.

Income Taxes - Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

Defined Benefit Obligations - Defined benefit obligations are measured at fair value for financial reporting purposes. Fair value determined by the actuary is based on actuarial assumptions. Management judgment is required to determine such actuarial assumptions. Such assumptions are reviewed annually using the best information and resources available with the Management. New Employees/Directors whose obligation is not considered under the actuarial scheme have been made on an estimated basis on the discounting value of the liability based on management estimated rate.

(b) Current versus Non-Current Classification

Assets and Liabilities are classified as Current or Non-Current as per the provisions of the Schedule III notified under the Companies Act and the Company's normal operating cycle.

An Asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of assets and liabilities.

(c) Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognized in statement profit or loss in the period in which they arise.

(d) Income Taxes

Income tax expense comprises current income tax and deferred income tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income or other equity as the case may be.

Current income tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profits.

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

(e) **Property, Plant and Equipment**

Property, Plant and equipment are stated at fair value, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price (Net of GST input credit wherever applicable) and any attributable cost of bringing the assets to its working condition for its intended use. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Depreciation on Property , plant and equipment is calculated on a straight line basis, from the month of addition, using the estimated useful lives, as specified in Schedule II to the companies Act, 2013.

Leasehold land is valued at fair value and being amortized on a straight-line basis over the residual lease term.

The residual values, useful lives and methods of depreciation of Property, Plant & Equipment are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

(f) **Lease**

Operating Lease

As a lessee

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

(g) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles are not capitalized and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

(h) **Impairment of Assets**

The carrying amount of assets is reviewed for impairment at the end of each reporting date if there is any indication of impairment based on internal/external factor. An impairment loss is recognized in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's or cash generating unit's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value, recent market transactions are taken into account.

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS**(i) Investments**

The Investment in ERCA Specialty Chemicals Private Limited is measured at Fair value and any change is routed through Other Comprehensive Income. ERCA Specialty Chemicals Private Limited went into voluntary winding up during the year and the company recovered Rs. 4,47,060/- and booked a loss of Rs. 1,05,304/-. However, the impact was not material as the company was defunct.

Long term investments viz. Mutual funds, Securities/Shares if any are stated at fair value.

Any change in fair value is routed through Statement of Profit and loss Account.

(j) Inventories

Inventories consist of raw materials, packing materials, stores and consumables stock-in-trade and finished goods. Inventories are valued at lower of cost and net realizable value. Cost of inventories is determined on First in First out basis. Cost of manufactured finished goods and work-in-progress includes material cost determined on first in first out (FIFO) basis and also includes an appropriate portion of allocable overheads. Cost of traded goods includes cost of purchase and other costs incurred in bringing the inventories to the present location and condition. Slow moving, non-moving and obsolete inventories are shown separately. Stores and consumables are valued at lower of cost or Net realizable value.

(k) Employee Benefits**Gratuity**

The Company provides for gratuity, a defined retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and tenure of employment with the Company.

Liabilities with regard to Gratuity Plan are determined by actuarial valuation, obtained from LIC, at each Balance Sheet date using projected unit credit method. The Company fully contributes all ascertained liabilities to the Daikaffil Chemicals India Limited Employees' Group Gratuity Trust Fund ('the Trust'). Trustees administer contributions made to the Trusts and contributions are invested in insurance and deposit schemes.

The Company recognizes the net obligation of a defined plan in its Balance Sheet as an asset or liability.

Gains and losses through re measurements of the net benefit liability/ (asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in net profit in Statement of Profit and Loss.

Employees/Directors whose obligation is not considered under the actuarial scheme have been made on an estimated basis on the discounting value of the liability based on management estimated rate.

Provident fund

Eligible employees of the Company receive benefits from a Provident fund, which is defined benefit plan. Both the eligible employees and the Company make monthly contributions to the provident fund equal to a specified percentage of the covered employee's salary. The Company contributes a portion to Employees' Provident Fund Organization administered by the Government of India

ESIC

Eligible Employees of the Company are covered under Employee State Insurance Scheme.

Compensated absences

The Company has a policy on compensated absences which is applicable to its executives joined up to a specified period and all workers. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the Balance Sheet date.

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS**(l) Provisions and Contingent Liabilities****Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

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

(m) Financial Instruments**Non-derivative financial instruments:**

Classification – The company classifies its financial assets in the following measurement categories:

- (1) Those to be measured subsequently at fair value(either through other comprehensive income, or through the Statement of Profit and Loss), and
- (2) Those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition and measurement - all financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognized using trade date accounting.

Subsequent measurement - Financial assets carried at amortized cost A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

De-recognition of financial instruments - Financial assets -

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in statement of profit and loss if such gain or loss would have otherwise been recognized in statement of profit and loss on disposal of that financial asset.

Impairment of financial assets -

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at Fair Value through Other Comprehensive Income (FVOCI), lease receivables, trade receivables, other contractual rights to receive cash or other financial asset not designated as at Fair Value Through Profit and Loss (FVTPL). Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument. For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

Income recognition-**Interest Income**

Interest income from debt instruments is recognized using the effective interest rate method.

Dividends

Dividends are recognised in the statement of Profit and Loss only when the right to receive payment is established.

(n) Segment Reporting:

The company is into manufacture of organic chemicals, intermediate products which comprise a single operating segment and therefore, the disclosure of reportable segment as per IND AS 108 is not applicable to the company.

(o) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

(p) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

(q) Cash dividend

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(r) Discounting Rate

The Company has adopted discounting rate as per management's best judgment rate for fair value computations.

(s) Revenue Recognition

The company derives revenues primarily from sale of manufactured goods, traded goods.

Effective 01 April 2018, the company has adopted Indian Accounting Standard 115 (Ind AS 115) – 'Revenue from contracts with customers'. The effect on adoption of Ind AS-115 was insignificant.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those products or services.

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group Performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhances; or
3. The company's performance does not create an asset with an alternative use to the company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products are recognised at a time on which the performance obligation is satisfied.

Other operating revenue- Export Incentives

Export incentives under various schemes are accounted in the year of export.

(t) Risk Management

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.

(u) Recent accounting Pronouncements

Ind AS 116:

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognize depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The company is currently evaluating the Impact on account of implementation of Ind AS 116 the impact of the standard will not be material.

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

Note 2 PROPERTY, PLANT AND EQUIPMENT

Name of the Assets	Gross Block			Depreciation			Net Block		
	As at 01/04/2018	Additions	Deductions	As at 31/03/2019	Provided during the year	Adjustment/ Deduction during the year	Provided Upto 31/03/2019	As at 31/03/2019	As at 31/03/2018
LAND (LEASEHOLD)	78,000,000	-	-	78,000,000	2,689,656	1,344,828	4,034,484	73,965,516	75,310,344
(Previous Year)	78,000,000	-	-	78,000,000	1,344,828	1,344,828	2,689,656	75,310,344	76,655,172
FACTORY BUILDING	60,577,470	875,757	-	61,453,227	21,094,390	1,942,367	23,036,757	38,416,470	39,483,080
(Previous Year)	60,568,713	18,757	-	60,577,470	16,708,902	4,385,488	21,094,390	39,483,080	43,849,811
FLAT	2,105,643	-	-	2,105,643	202,014	33,269	235,283	1,870,360	1,903,629
(Previous Year)	2,105,643	-	-	2,105,643	154,423	47,591	202,014	1,903,629	1,951,220
PLANT & MACHINERY	102,205,068	3,297,389	-	105,502,457	77,385,599	4,930,204	82,315,802	23,186,655	24,819,469
(Previous Year)	97,262,349	5,069,386	126,667	102,205,068	74,951,909	2,437,663	77,385,599	24,819,469	22,310,440
ELECTRICAL INSTALLATIONS	6,084,757	24,224	-	6,108,981	5,731,702	49,523	5,781,225	327,756	353,055
(Previous Year)	5,971,297	113,460	-	6,084,757	5,496,686	235,016	5,731,702	353,055	474,611
LABORATORY EQUIPMENT	1,591,726	-	-	1,591,726	1,338,846	151,214	1,490,060	101,666	252,880
(Previous Year)	1,591,726	-	-	1,591,726	1,148,282	190,564	1,338,846	252,880	443,444
OFFICE EQUIPMENTS	1,848,136	34,635	-	1,882,771	1,306,094	354,403	1,660,497	222,273	542,042
(Previous Year)	1,515,344	330,050	-	1,845,394	1,056,999	140,117	1,197,116	648,278	458,345
FURNITURE & FIXTURES	1,846,072	-	-	1,846,072	1,364,067	175,377	1,539,444	306,628	482,005
(Previous Year)	1,846,072	-	-	1,846,072	1,192,599	171,468	1,364,067	482,005	653,473
COMPUTER	1,439,848	50,847	-	1,490,695	1,302,241	80,041	1,382,282	108,413	137,607
(Previous Year)	1,405,066	34,782	-	1,439,848	1,183,188	119,053	1,302,241	137,607	221,878
VEHICLES	4,812,623	-	-	4,812,623	1,191,190	571,740	1,762,930	3,049,693	3,621,433
(Previous Year)	4,812,623	-	-	4,812,623	577,312	613,878	1,191,190	3,621,433	4,235,311
Total	260,511,343	4,282,852	-	264,794,195	113,605,798	9,632,965	123,238,764	141,555,431	146,905,545
Previous year	255,068,833	5,566,435	126,667	260,508,601	103,815,128	9,685,666	113,496,821	147,011,780	151,253,705
Capital Work-in-Progress								152,822	108,519
								141,708,253	147,014,064

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

	As at March 31, 2019	As at March 31, 2018
Note 3 : Non Current Investments		
(i) Mutual Fund (Quoted)		
Nil Units (67,286.78) of Franklin India Prima Plus Dividend Option	-	2,500,000
Nil Units (8,07,993.75) ICICI Prudential Regular Saving Fund Growth Option	-	15,008,565
Nil Units (1,10,175.84) Kotak Select Focus Fund Regular Plan Dividend Option	-	2,499,669
	-	20,008,234
(ii) Unquoted Shares		
Investment in Nil (2,64,666) Equity shares of face value Rs.10/- each of Erca Speciality Chemicals Pvt. Ltd.,	-	2,646,600
Less: Provision for Diminution in the value of investment	-	2,094,236
	-	552,364
(iii) Investment in 13,193 (13,193) shares of face value Rs.100/- each of Tarapur Environment Protection Society Ltd.	1,872,300	2,143,674
	1,872,300	22,704,272
Note 4 : Financial Assets : Loans		
<i>Unsecured and Considered Good</i>		
Loans to Employees (At Amortised Cost)		
- Non Current Loans	513,354	595,340
- Current Loans	168,000	174,000
	681,354	769,340
Note 5 : Financial Assets - Non Current : Others		
<i>Unsecured and Considered Good</i>		
A Security Deposits	677,575	677,575
B Asset with LIC for Compensated Absences (Refer Note 25)	14,502	29,481
	692,077	707,056
Note 6 : Inventories		
Raw Materials	18,918,136	20,452,186
Work-in- Progress	12,327,041	9,261,706
Finished Goods	949,730	697,270
Stock-in-Trade	36,045	40,830
Stores and Spares.	278,145	273,124
Packing Materials	195,899	291,545
	32,704,995	31,016,661
Slow-Moving Goods	1,944,341	4,150,372
Regular Goods	30,760,654	26,866,289
	32,704,995	31,016,661
The Company has no Stock-in-transit		

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

	As at March 31, 2019	As at March 31, 2018
Note 7 : Trade Receivables		
Trade Receivables considered good - Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	27,841,060	46,440,998
	27,841,060	46,440,998
Trade Receivables which have significant increase in Credit Risk		
Outstanding for a period exceeding six months from the date they are due for payment	368,436	345,743
Less: Provision for Doubtful Debts	(368,436)	(345,743)
	27,841,060	46,440,998
Note 8 : Cash and Bank Balances		
A Cash and Cash Equivalents :		
Cash on hand	84,913	87,901
Balances with Banks in current accounts	62,310,655	29,617,611
Fixed Deposit Account (with maturity Less than 3 months)	-	6,075
	62,395,568	29,711,587
B Others bank balances :		
Fixed 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.	3,067,978	3,907,711
Unclaimed Dividend	1,243,987	1,482,506
	4,311,965	5,390,217
	66,707,533	35,101,804
Note 9 : Financial Assets - Current : Others		
Unsecured and Considered Good		
Interest Accrued on Investments/Deposits	42,124	45,679
	42,124	45,679
Note 10 : Tax Assets (Net)		
Non Current:		
Advance Tax / TDS	763,947	763,947
Less : Provision for Income Tax	763,947	763,947
	-	-
Current:	763,947	763,947

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

	As at March 31, 2019	As at March 31, 2018
Note 11 : Other Current Assets		
Unsecured and Considered Good		
Prepaid Expenses	316,286	364,141
GST Input Credit Receivable	1,756,378	7,568,579
GST Refund Receivable	80,508	5,016,907
Balances with Government Authorities	109,655	145,395
Advances to Suppliers	8,755	16,015
Insurance Claim Receivable	94,889	94,889
For others		
DEPB (MLF) Licence Unutilised	5,538,995	4,791,834
	7,905,466	17,997,760

Note 12: Share Capital

a) Authorized

65,00,000 (65,00,000) Equity Shares of Rs.10/- Each.	65,000,000	65,000,000
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b) Issued, subscribed and Paid up :

60,00,000 (60,00,000) Equity Shares of Rs.10/- Each.	60,000,000	60,000,000
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c) Details of Shareholders holding more than 5% shares in the company

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% held	No. of Shares	% held
Patel Amit Jayant	889,665	14.83%	889665	14.83%
Caffil Private Limited	503,300	8.39%	503300	8.39%
C.C.M Luxembourg (S.A) Liquidator of H.G.E Chemical Company S.A	749,700	12.50%	749700	12.50%

d) Reconciliation of the number of shares outstanding is set below:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	6,000,000	600,00,000	6,000,000	600,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	6,000,000	600,00,000	6,000,000	600,00,000

e) Rights, preferences and restrictions attaches to the shares:

The Company has only one class of equity shares having par value of Rs.10 each and the holder of the equity share is entitled to one vote per share.

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

	As at March 31, 2019	As at March 31, 2018
Note 13 : Other Equity		
Share Premium	3,448,620	3,448,620
General Reserve	20,200,000	20,200,000
Retained Earnings (Including Other Comprehensive Income)	86,592,762	87,418,442
Revaluation Reserve (Ind-AS)	84,313,640	84,313,640
	194,555,022	195,380,702

Note 14 : Non Current Provisions

Employees benefits :-

Provision for Gratuity (Refer note No. 25 Fund lying with LIC- In a separate trust account)	264,194	27,982
Provision for Gratuity Unfunded	341,827	259,445
	606,021	287,427

	As at March 31, 2019	Charge/ (credit) during the year	As at March 31, 2018
Note 15 : Deferred Tax Liabilities (Net)			
Deferred Tax Liabilities:			
on account of timing difference in depreciation	9,690,379	(396,580)	10,086,959
Sub-Total	9,690,379	(396,580)	10,086,959
Deferred Tax Assets:			
on account of Employee Cost / Benefits	309,529	(240,728)	550,257
on account of Allowances / disallowances Under Income Tax Act, 1961	105,003	184,495	(79,492)
Sub-Total	414,532	(56,233)	470,765
Net Deferred tax liability	9,275,847	(340,347)	9,616,194

Note 16 : Financial liabilities - Current : Trade payables

	As at March 31, 2019	As at March 31, 2018
Due to Micro, Small and Medium Enterprises *	556,353	2,894,516
Due to creditors other than Micro, Small and Medium Enterprises	9,945,432	26,731,503
Due to Related Parties	-	-
	10,501,785	29,626,019

*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.

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

	As at March 31, 2019	As at March 31, 2018
Note 17 : Other Financial liabilities - Current		
Liability Towards Employees	3,009,693	3,545,420
Unpaid Dividend #	1,243,987	1,482,506
	<u>4,253,680</u>	<u>5,027,926</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 18 : Other Current liabilities

Creditors for Capital expenditure	-	90,342
Other Liabilities	510,603	612,136
Statutory Liabilities	264,903	496,976
Trade Deposit and Advance	200,000	469,438
	<u>975,506</u>	<u>1,668,892</u>

	As at March 31, 2019	As at March 31, 2018
Note 19 : Short Term Provisions		
Provision for Income Tax	14,090,000	24,700,000
Less : Advance Tax / TDS	<u>13,338,752</u>	<u>23,745,580</u>
	<u>751,248</u>	<u>954,420</u>
	<u>751,248</u>	<u>954,420</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	Year Ended March 31, 2019	Year Ended March 31, 2018
Note 20: Revenue from Operations		
a) Sale of Products :-		
- Manufacturer Finished Goods	164,265,114	228,521,925
- Trading Goods	528,0965	-
	<u>164,793,209</u>	<u>228,521,925</u>
b) Other Operating Revenue (Export Incentives)	<u>3,597,744</u>	<u>6,139,788</u>
Revenue from Operations(Net)	<u>168,390,953</u>	<u>234,661,713</u>

Note 21 : Other Income

Interest :		
- On Bank Deposits	1,521,092	2,710,342
- Others	111,905	73,227
Exchange Gain (Net)	1,847,395	5,590,729
Miscellaneous Income	6,170	18,813
Insurance Claim	-	94,889
Dividend received on M.F.	771,784	-
Gain on sale of Investment	351,944	-
	<u>4,610,290</u>	<u>8,488,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	Year Ended March 31, 2019	Year Ended March 31, 2018
Note 22 : Raw Materials Consumed		
a) Raw materials Consumed :		
Opening stock	20,452,186	21,440,358
Add : Purchase	98,915,022	130,108,344
	119,367,208	151,548,701
Less : Raw Material Sales	-	-
	119,367,208	151,548,701
Less : Closing Stock	18,918,136	20,452,186
	100,449,072	131,096,515

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

	2018-19		2017-18	
	Value	% to total Consumption	Value	% to total Consumption
Raw Materials :	42,209,624	42%	122,457,451	93.41%
Imported at landed cost	58,239,448	58%	8,639,064	6.59%
Indigenously obtained	100,449,072	100%	131,096,515	100.00%

Note 23 : Purchase of Stock-in-trade

Purchase of Stock-in-trade	433,441	-
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	Year ended March 31, 2019	Year ended March 31, 2019
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Note 24 : Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade

Opening Stock				
Work- in- Progress	9,261,706		9,763,993	
Finished Goods	697,270		2,929,677	
Stock-in-Trade	40,830	9,999,806	65,833	12,759,503
Less : Closing Stock				
Work - in - Progress	12,327,041		9,261,706	
Finished Goods	949,730		697,270	
Stock-in-Trade	36,045	13,312,815	40,830	9,999,806
		(3,313,009)		2,759,697

Note 25 : Employee Benefit expenses

Salaries, Wages and Bonus	19,915,402	20,469,830
Contribution to Provident, Gratuity and other Funds *	2,064,739	1,909,225
Staff Welfare Expenses	495,812	631,250
	22,475,953	23,010,305

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

*As required by Ind-AS 19 Employees Benefits, 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 :

	March 31, 2019	March 31, 2018
- Employers' Contribution to Provident Fund	522,986	543,962
- Employers' Contribution to PF / Employees' State Insurance	399,555	328,369
- Employers' Contribution to Employees' Pension Scheme, 1995	744,087	618,475
A	1,666,628	1,490,806

B) Defined Benefit Plans

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

i) Gratuity

ii) Other Defined Benefit plans (Compensated Absences)

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

- Employers' Contribution to LIC Group Gratuity Scheme	273,304	294,881
- Employers' Contribution to LIC Leave Encashment Scheme	7,238	3,813
- LIC fund management charges	35,187	34,142
- Employers' Contribution for Gratuity Scheme Unfunded	82,382	85,583
B	398,111	418,419
Total (A+B)	2,064,739	1,909,225

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

	March 31, 2019		March 31, 2018	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
A . Changes in the Present Value of Obligation				
Present Value Of Obligation as at Beginning of the Year	5,778,586	873,211	5,032,439	811,417
Interest Cost	462,287	69,857	402,595	64,914
Current Service Cost	303,534	7,866	273,122	4,025
Past service Cost	-	-	-	-
Benefits paid	(206,337)	(28,612)	(352,847)	(39,435)
Acturial (Gain) / Loss	702,246	112,541	423,277	32,290
Present value of Obligation as at the end of the year	7,040,316	1,034,863	5,778,586	873,211

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	March 31, 2019		March 31, 2018	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
B. Changes in the Fair Value of Plan Assets				
Fair Value of Assets as at Beginning of the Year	5,750,604	902,693	4,760,448	814,069
Expected return (Calculated @ Discount Rate)	492,517	70,485	380,836	65,126
Actuarial Gains / (Loss) on plan assets	-	-	34,474	(74)
Net Contribution by Employer	739,338	104,799	927,693	63,007
Benefits paid	(206,337)	(28,612)	(352,847)	(39,435)
Fair value of Assets as at the end of the year	<u>6,776,122</u>	<u>1,049,365</u>	<u>5,750,604</u>	<u>902,693</u>
C. Amount Recognised in the Balance sheet				
Present value of Obligation as at the end of the year	<u>7,040,316</u>	<u>1,034,863</u>	5,778,586	873,211
Fair value of Assets as at the end of the year	<u>6,776,122</u>	<u>1,049,365</u>	5,750,604	902,693
Unfunded Liability / (Net asset) Recognised in Balance Sheet	<u>264,194</u>	<u>(14,502)</u>	27,982	(29,482)
D. Balance sheet Reconciliation				
Net Liability at the beginning of the year	27,982	(29,482)	271,991	(2,652)
Expense Recognised during the year	975,550	119,779	683,684	36,177
Contribution during the year	(739,338)	(104,799)	(927,693)	(63,007)
Net Liability Recongnised at the end of the year	<u>264,194</u>	<u>(14,502)</u>	<u>27,982</u>	<u>(29,482)</u>
E. Amount recognised in Statement of Profit & Loss				
Current Service Cost	303,534	7,866	273,122	4,025
Interest Cost	462,287	69,857	402,595	64,914
Expected Return on Plan Asset	(492,517)	(70,485)	(380,836)	(65,126)
Settlement Cost / (Credit)	-	-	-	-
Past Service cost	-	-	-	-
Total Expenses charged to Statement of Profit & Loss	<u>273,304</u>	<u>7,238</u>	<u>294,881</u>	<u>3,813</u>
F. Amount recognised in Statement of Profit & Loss (Other Comprehensive Income)				
Actuarial Gains / (Loss) PV of Obligation	(702,246)	(112,541)	423,277	32,290
Actuarial Gains / (Loss) FV of Plan Assets	-	-	(34,474)	74
	<u>(702,246)</u>	<u>(112,541)</u>	<u>388,803</u>	<u>32,364</u>
G. Percentage of each category of Plan assets to Fair Value of plan Assets				
(1) Insurer Managed fund	100%	100%	100%	100%
H. Actuarial Assumptions				
Discount Rate	7.50%	8.00%	8.00%	8.00%
Expected return on Plan	7.50%	8.00%	8.00%	8.00%
Salary Escalation	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	March 31, 2019		March 31, 2018	
	Rs.	%	Rs.	%
I. Major Category of Plan Assets				
GOI Securities	-	-	-	-
Public Securities	-	-	-	-
State Government Securities	-	-	-	-
Insurance Policies	7,825,486	100%	6,653,297	100%
Others	-	-	-	-
Total	7,825,486	100%	6,653,297	100%

The principle plan assets consist 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. (Refer Note 1.11)

	year ended March 31, 2019	Year ended March 31, 2018
Note 26 : Finance Cost		
Bank Interest	-	63,016
Bank Charges & Commission	47,296	154,443
	47,296	217,459

Note 27 : Other Expenses

Manufacturing Expenses		
Consumption of stores and spare parts	103,569	121,449
Power and fuel	8,442,845	12,379,180
Water consumption	409,008	476,726
Water treatment	316,709	471,272
Repairs and maintenance - Buildings	1,841	11,645
Repairs and maintenance - Machinery	1,019,521	953,594
Electrical Maintenance.	238,870	67,757
Laboratory Expenses	194,729	207,582
Handling loss	7370	51821
TOTAL (A)	10,734,462	14,741,026
Selling, Distribution and Administration expenses		
Rent including lease rentals	1,630,933	1,131,467
Consumption of packing materials	4,630,926	5,336,179
Repairs and maintenance - Others	104,892	63,917
Insurance	440,109	532,788
Rates and taxes	195,095	230,419
Communication	482,572	678,333
Travelling and conveyance	495,033	1,088,716
Printing and stationery	272,733	324,207
Freight and forwarding	3,962,362	5,667,541
Commission	91,862	113,100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	Year ended March 31,2019	Year ended March 31,2018
Discount	12,831	8,643
Business promotion	138,426	155,403
Professional / Sales and Marketing expenses	2,592,394	2,063,627
Payments to auditors	-	
- Audit Fees	300,000	165,000
- Tax Audit Fees	-	60,000
- Certification Fees/Other Services	78,000	46,500
	378,000	271,500
Bank Commission & Charges	224,639	314,793
Clearing & Forwarding Charges	449,411	490,932
Export Freight	329,289	348,853
Electricity charges	86,410	82,510
Loss on revaluation of investment	271,374	-
Vehicle Expenses	323,750	455,474
Membership & Filing Fees	390,335	439,146
Terminal Handling Charges	810,155	1,326,710
Director Commission and Sitting fees	562,500	312,500
Security Charges	583,200	540,000
Provision for Doubtful debts	22,693	345,743
Loss on Sale of Associate	105,304	-
Miscellaneous expense	717,647	1,578,369
TOTAL (B)	20,304,875	23,900,870
TOTAL (A + B)	31,039,336	38,641,896

Note 28 : 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. (upto December 14, 2018)

B. Key Management Personnel

- Mr. Amit Patel (Managing Director)
- Mr. Aditya Patel (Joint Managing Director)
- Mrs. Meenal Ladda (Company Secretary) (upto January 31, 2019)
- Mr. Mohan P Bavkar (Company Secretary) (wef February 8, 2019)
- Mr. Sudhir Patel (Non-executive Chairman)
- Mr. Jagdish Vasa (Independent Director)
- Mr. Giuseppe Seccomandi (Director) (upto May 15, 2018)
- Mr. Hiroshige Tanaka (Independent Director) (upto May 15, 2018)

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

- Mr. Rajiv Gandhi (Alternate Director) (upto May 15, 2018)
- Mr. Sunil Merchant (Independent Director) (wef June 20, 2018)

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

	Particulars	M/s Caffil Private Limited	M/s Amichem	Key Management Personnel
1	Purchase (net)	-	-	-
		(36,63,263)	-	-
2	Service charges paid	-	-	-
		(6,94,850)	-	-
3	Service charges for use of premises	-	1,630,933	-
		-	(11,31,467)	-
4	Remuneration to Directors (including gratuity)	-	-	2,782,232
		-	-	(27,97,683)
5	Director Commission and Sitting Fees	-	-	562,500
		-	-	(3,12,500)

Amounts in brackets indicate previous year figures.

PARTICULARS	March 31, 2019	March 31, 2018
Note 29 : Contingent Liabilities		
1 Outstanding Letters of Credit	-	1,898,630
2 Outstanding Bank Guarantee	1,850,000	1,850,000
	1,850,000	3,748,630

Note 30 : Commitments

Estimated amount of contract remaining to be executed on capital Account and not provided for Rs. Nil (P.Y.Rs. 0.75 Cr.)

Note : 31

The records of the ROC shows a charge on the assets of the company of Rs. 40.00 lakhs in favour of Dena Bank. The said charge has been removed by the Company but the same has not been cancelled by Dena Bank. The Company is vigorously following up with the said Bank to complete the formality of Cancellation with ROC.

PARTICULARS	March 31, 2019	March 31, 2018
Note 32 : Tax Expense		
A. Income Tax Expense Recognised in the Statement of Profit and Loss		
I. Expense / (Benefit) Recognised in the Statement of Profit and Loss		
Current tax on profit for the year	4,090,000	10,000,000
(Decrease)/Increase in Deferred Tax Liabilities	(276,545)	(2,720,307)
Excess provision of earlier year	(182,553)	-
Total	3,630,903	7,279,693

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

II. Expense / (Benefit) Recognised in Statement of Other Comprehensive Income

Re-measurement gains / (losses) on defined benefit plans	(814,787)	(421,167)
Reversal of Earlier Provision for Doubtful Debts	-	345,743
	(814,787)	(75,424)

Note : 33 Financial instruments

(i) Capital management

For the purpose of the company's capital management, equity includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximize the shareholder value. The company's capital management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value. The Company manages its capital to ensure that entities in the company will be able to continue as a going concern while maximizing the return to stakeholders. The capital structure of the company consists of no debt, equity comprising issued capital, reserves and non-controlling interests.

(ii) Categories of financial instruments

The carrying value of financial instruments by categories as of March 31, 2019 as follows:

Particulars	Amortized Cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets / liabilities at fair value through OCI	Total Carrying Value
Financial Assets :				
Cash and cash equivalents	62,395,568	-	-	62,395,568
Bank balance other than cash and cash equivalent	4,311,965	-	-	4,311,965
Investments	1,872,300	-	-	1,872,300
Trade receivables	27,841,060	-	-	27,841,060
Loans	681,354	-	-	681,354
Other financial assets	734,201	-	-	734,201
Total	97,836,448	-	-	97,836,448
Financial liabilities:				
Borrowings	-	-	-	-
Other financial liabilities	4,253,680	-	-	4,253,680
Total	14,755,465	-	-	14,755,468

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

The carrying value of financial instruments by categories as of March 31, 2018 as follows:

Particulars	Amortized Cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets / liabilities at fair value through OCI	Total Carrying Value
Financial Assets :				
Cash and cash equivalents	29,711,587	-	-	29,711,587
Bank balance other than cash and cash equivalent	5,390,217	-	-	5,390,217
Investments	2,696,038	20,008,234	-	22,704,272
Trade receivables	46,440,998	-	-	46,440,998
Loans	769,340	-	-	769,340
Other financial assets	752,735	-	-	752,735
Total	85,760,915	20,008,234	-	105,769,149
Financial liabilities:				
Other financial liabilities	5,027,926	-	-	5,027,926
Total	34,653,946	-	-	34,653,946

Fair Value Hierarchy:

The fair value hierarchy is based on the inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Level 1 hierarchy includes financial instruments measured using quoted prices and the mutual funds are measured using the closing net asset value (NAV).

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs are required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 – if one or more of the significant inputs is based on observable market data, the instrument is included in Level 3.

The fair value hierarchy of assets and liabilities measured at fair value as of March 31, 2019 is as follows :

(Rs. In lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets :				
At fair value through profit and loss				
Investment in unquoted equity shares	-	-	-	-
Investment in quoted mutual funds	-	-	-	-
Total	-	-	-	-

The fair value hierarchy of assets and liabilities measured at fair value as of March 31, 2018 is as follows :

(Rs. In lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets :				
At fair value through profit and loss				
Investment in unquoted equity shares	-	-	2,696,038	2,696,038
Investment in quoted mutual funds	20,008,234	-	-	20,008,234
Total	20,008,234	-	2,696,038	22,704,272

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- a) Cash and cash equivalent , other bank balances, trade and other receivables, trade and other payables, and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities or nature of these instruments.

(iii) Financial risk management objectives:

The company's activities exposes it to a variety of financial risk viz. market risks, credit risks and liquidity risks. In order to manage the aforementioned risks, the company has a risk management policy and a program that performs close monitoring of and responding to each risk factors.

1) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates and other market changes.

a) Foreign currency risk:

Foreign currency risk mainly arises from transactions undertaken by an operating unit in currencies other than its functional currency. The carrying amount of company's financial assets and financial liabilities denominated in foreign currencies at the reporting date are as follows :

(In lakhs)

Particulars	Euro	Rs.	USD	Rs.
As at March 31, 2019				
Financial Assets	93,530	7,199,004	196,900	13,556,565
Financial Liabilities	-	-	-	-
Net Open Exposures Outstanding as at the March 31, 2019	93,530	7,199,004	196,900	13,556,565

5% appreciation/ depreciation of the respective foreign currencies with respect to the functional currency of the company would result in decrease/ increase in the Company's profit before tax by approximately Rs.10 lakhs for the year ended March 31, 2019.

(In lakhs)

Particulars	Euro	Rs .	USD	Rs.
As at March 31, 2018				
Financial Assets	259,741	20,766,293	198,621	12,838,861
Financial Liabilities	-	-	67,500	4,402,350
Net Open Exposures Outstanding as at the March 31, 2018	259,741	20,766,293	131,121	8436511

5% appreciation/ depreciation of the respective foreign currencies with respect to the functional currency of the company would result in decrease/ increase in the company's profit before tax by approximately Rs. 15 lakhs for the year ended March 31, 2018.

b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company does not have significant floating interest rate borrowings during the year ended March 31, 2019 and March 31, 2018. Hence, the company is not exposed to significant interest rate risk as at the respective reporting dates.

2) Credit risk:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

by the company through continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain.

- 3) Liquidity risk: The responsibility for liquidity risk management rests with the Board of directors, which has an appropriate liquidity risk management framework for the management of the company's short-, medium- and longterm funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities by regularly monitoring forecast and actual cash flows.

The table below provides details regarding contractual maturities of significant financial liabilities as at March 31, 2019.

Particulars	Within One Year	One to five years	More than five years	Total
Financial instruments				
Borrowings	-	-	-	-
Trade and other payables	10,501,785	-	-	10,501,785
Other financial liabilities	4,253,680	-	-	4,253,680
Total financial liabilities	14,755,465	-	-	14,755,465

The table below provides details regarding contractual maturities of significant financial liabilities as at March 31, 2018:

Particulars	Within One Year	One to five years	More than five years	Total
Financial instruments				
Borrowings	-	-	-	-
Trade and other payables	29,626,019	-	-	29,626,019
Other financial liabilities	5,027,926	-	-	5,027,926
Total financial liabilities	34,653,946	-	-	34,653,946

March 31, 2019

March 31, 2018

Note 34 :Dues to Micro and Small suppliers

a) The amounts remaining unpaid at the Balance sheet Date

- Principal	556,353	2,894,516
- Interest	-	-
b) The amount of Interest paid 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	12,206,901	15,094,010
- Interest	-	-
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	131,908	170,655
f) Total Interest due but not paid for the earlier years	283,516	112,861

Note : The above information has been compiled by the company on the basis of information available with the management

NOTES FORMATING PART OF THE FINANCIAL STATEMENTS

Note 35 : Sundry Debtors, Creditors and Loans and Advances are subject to confirmation.

Note 36 : Segment Information has not been given as the Company does not have any segment.

	March 31, 2019	March 31, 2018
Note 37 : Earnings per Share		
(A) Profit attributable to Equity Shareholders (Rs.)	8,605,286	23,974,052
(B) No. of Equity Share outstanding during the year.	6,000,000	6,000,000
(C) Face Value of each Equity Share (Rs.)	10	10
(D) Basic & Diluted earning per Share (Rs.)	1.43	4.00
Note 38 : Expenditure in Foreign Currency on Account of		
- Traveling	36,444	329,639
- Membership fees	-	35,150
Note 39 : The company had invested in Associate which had become defunct & which went into voluntary liquidation during the year. The company received INR 4,47,060/- & incurred loss of INR.1,05,304/-. The Associate being defunct the impact on the financial statement is immaterial.		

	March 31, 2019	March 31, 2018
Note 40 : Earning in Foreign Currency		
FOB Value of Exports	122,550,283	181,598,459
Note 41: 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)	1,193,640	1,690,990
Tax deducted at source	--	--
(ii) Year to which dividend relates	2017-18	2016-17
Note 42: Value of Import on CIF Basis		
Raw Materials	36,670,977	48,228,926
Note 43: Figures of the previous year have been regrouped and / or rearranged wherever necessary to correspond to figures of the current year.		

As per our report attached.

For **CNK & Associates LLP**

Chartered Accountants

Firm Reg. No. 101961 W/W - 100036

Suresh Agaskar

Partner

Membership No. 110321

Mumbai: May 23, 2019

For and on behalf of the Board of Directors

SUNIL H. MERCHANT

Director

(DIN : 01064306)

AMIT J. PATEL

Managing Director

(DIN : 00005232)

ADITYA A. PATEL

Chief Financial Officer

(DIN : 00005276)

MOHAN P.BAVKAR

Company Secretary

Mumbai: May 23, 2019

(Membership No. 22014)

**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 27th Annual General Meeting of the Company, to be held on August 02, 2019 - Hotel Sarovar Residency, Near Hotel Sarovar, P-180, Tarapur M.I.D.C Area, Chitralay, Boisar West, Dist.Palghar, 401 506 at 10.00 A.M. thereof in respect of such resolutions, as are indicated below:

Sr.	Resolutions	Assent	Dissent
1.	Adoption of financial statements for the year ended March 31, 2019		
2.	Re-appoint Mr. Aditya Patel, liable to retire by rotation.		
3.	Appointment of KC Mehta & Co., Chartered Accountant, as Statutory Auditors		
4.	Approval Of Remuneration Of Mr. Amit Patel As Per Schedule V Of The Companies Act, 2013		
5.	Approval Of Remuneration Of Mr. Aditya Patel As Per Schedule V Of The Companies Act, 2013		
6.	Re-appointment of Mr. Sudhir Patel (DIN: 00012036), Independent Director of the Company for a further period of 5 years		
7.	Appointment of Mrs. Maithali Siswawala (DIN: 07107622) as Independent Director of the Company for a period of 5 years.		

Signed thisDay of 2019

Signature of shareholder

Signature of Proxy holder(s)

Affix Rs. 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.

ROUTE MAP FOR VENUE OF AGM



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