



# **SANGINITA CHEMICALS LIMITED**

(CIN: L24100GJ2005PLC047292)

**TWELFTH  
ANNUAL REPORT  
2016-17**

**SANGINITA CHEMICALS LIMITED**  
**(CIN: L24100GJ2005PLC047292)**

**TWELFTH ANNUAL REPORT 2016 17**

|                                    |   |   |                                 |
|------------------------------------|---|---|---------------------------------|
| <b>BOARD OF DIRECTORS</b>          | : | Mr. Dineshsinh B. Chavada<br>(DIN: 01497977)  | Chairperson & Managing Director |
|                                    |   | Mr. Vijaysinh D. Chavda<br>(DIN: 00479413)  | Whole Time Director             |
|                                    |   | Mrs. Hansaben D. Chavada<br>(DIN: 00479509)   | Director                        |
|                                    |   | Mr. Faiyazkhan Y. Pathan<br>(DIN: 07702208)<br>(w.e.f. 10/01/2017)                      | Independent Director            |
|                                    |   | Mr. Jagdishkumar V. Thakor<br>(DIN: 07702521)<br>(w.e.f. 10/01/2017)                    | Independent Director            |
| <b>CHIEF FINANCIAL OFFICER</b>     | : | Mrs. Sangitaben D. Chavda (w.e.f. 01/01/2017)   |                                 |
| <b>COMPANY SECRETARY</b>           | : | CS Rajesh G Lachhwani (w.e.f. 01/01/2017)   |                                 |
| <b>BANKERS</b>                     | : | State Bank of India<br>Gandhinagar<br>Kotak Mahindra Bank<br>Gandhinagar                |                                 |
| <b>STATUTORY AUDITORS</b>          | : | M/s. B. K. Chavda & Co.,<br>Chartered Accountants<br>Gandhinagar                        |                                 |
| <b>REGISTERED OFFICE</b>           | : | 301, 3 <sup>rd</sup> Floor, Shalin Complex Sector 11,<br>Gandhinagar – 382011 (Gujarat) |                                 |
| <b>ISIN</b><br>(for demat purpose) | : | INE753W01010  |                                 |

## NOTICE

NOTICE is hereby given that the **TWELFTH ANNUAL GENERAL MEETING** of the Members of **SANGINITA CHEMICALS LIMITED** will be held as scheduled below:

|       |   |
|-------|---|
| Date  | : 28 <sup>th</sup> September, 2017  |
| Day   | : Thursday  |
| Time  | : 4.00 p.m.   |
| Place | : At the Registered Office:<br>301, 3 <sup>rd</sup> Floor, Shalin Complex, Sector 11,<br>Gandhinagar – 382011 (Gujarat) |

to transact the following business:

**ORDINARY BUSINESS:**

- To receive and adopt audited financial statements of the Company for the financial year 2016-17 and to pass the following resolution, with or without modification, as an **ORDINARY RESOLUTION**:  
**“RESOLVED THAT** audited financial statements of the Company for the financial year 2016-17 comprising of Balance Sheet as on 31<sup>st</sup> March, 2017 and the Profit and Loss Statement for the Financial year ended on 31<sup>st</sup> March, 2017 together with all annexure and attachment thereto including the Directors’ Report and Auditors’ Report thereon, which have already been circulated to the Members and as laid before this meeting, be and the same are hereby approved and adopted.”
- To appoint a Director in place of Mrs. Hansaben D Chavada (DIN: 00479509), who retires by rotation and being eligible, offers herself for re appointment and to pass following resolution, with or without modification, as an **ORDINARY RESOLUTION**:  
**“RESOLVED THAT** the retiring Director, Mrs. Hansaben D Chavada (DIN: 00479509), be and is hereby reappointed, as a Director of the Company, liable to retire by rotation.”
- To ratify the appointment of Auditors made, in the 9<sup>th</sup> Annual General Meeting for holding the office from the conclusion of 9<sup>th</sup> Annual General Meeting till the conclusion of the 13<sup>th</sup> Annual General Meeting and to fix their remuneration and to pass following resolution, with or without modification, as an **ORDINARY RESOLUTION**:  
**“RESOLVED THAT** pursuant to provisions of Section 139 of the Companies Act, 2013 and rules made thereunder, appointment of M/s. B. K. Chavda & Co., Chartered Accountants as Auditors of the Company, made in the 9<sup>th</sup> Annual General Meeting (AGM) held on 28<sup>th</sup> July, 2014, for the period from the conclusion of that 9<sup>th</sup> AGM till the conclusion of the 13<sup>th</sup> AGM, be and is hereby ratified.  
**RESOLVED FURTHER THAT** any one of the Directors of the Company be and is hereby authorised to fix their remuneration in consultation with the said Auditors and also to take all other actions as may be required in this regard.”

**SPECIAL BUSINESS:**

- To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:***  
**AUTHORITY TO BOARD OF DIRECTORS TO INVEST, MAKE LOAN, PROVIDE GUARANTEE OR SECURITY:**  
**“RESOLVED THAT** pursuant to provisions of Section 186 of the Companies Act, 2013 and the Rules made thereunder and all other applicable provisions, if any for the time being in force, subject to the provisions of the Memorandum and the Articles of Association of the Company, consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company, to make loan(s) to any person and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to any person and to make investments by way of subscription, purchase or otherwise in Shares, Debentures and/or any other Securities of other body corporate, whether Indian or overseas and all other loan, investment, guarantee or security covered by Section 186 of the Companies Act, 2013, as they may, in their absolute discretion, deem beneficial and in the interest of the Company, in excess of 60% of the paid up share capital, free reserves and securities premium of the Company or 100% of the Free Reserves and securities premium of the Company, whichever is more, as prescribed under section 186 of the Companies Act, 2013 from time to time, in one or more tranches, up to a overall maximum outstanding amount of Rs. 50 Crores only (Rupees Fifty Crores only).  
**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to do and perform from time to time, all such acts, deeds, matters and things as may be necessary, expedient and desirable in respect of the above investments/loan/guarantee/security, including finalization of the time, the amount and other terms and conditions of investments/loan/guarantee/security and to take such steps as may be necessary or desirable to give effect to this resolution.”
- To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:***  
**AUTHORITY TO BOARD OF DIRECTORS TO MORTGAGE OR CHARGE THE PROPERTIES OF THE COMPANY:**  
**“RESOLVED THAT** pursuant to provisions of Section 180(1)(a) of the Companies Act, 2013 and Rules made thereunder and all other applicable provisions, if any for the time being in force, subject to the provisions of the Memorandum and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to mortgage or charge all the immovable, movable and intangible properties of the Company, wherever situated, present and future, and/or conferring power to enter upon and to take possession of assets

of the Company in certain events, to or in favour of any Bank, Financial Institution or any other lender to secure Financial Assistance that may be granted/lent/advanced/provided to the Company by such Bank, Financial Institution or such other lender together with interest thereon at the rate, compound interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to Bank, Financial Institution or any such lender under Financial Assistance Agreement entered into or to be entered into by the Company in respect of the such Financial Assistance present or future.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to finalise with the Bank, Financial Institution or any such lender the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

6. ***To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution: AUTHORITY TO BOARD OF DIRECTORS TO BORROW MONEY:***

**"RESOLVED THAT** pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 and Rules made thereunder and any other applicable provisions, if any and subject to the provisions of the Memorandum and the Articles of Association of the Company, consent of the members of the Company, be and is hereby accorded to the Board of Directors of the Company, to borrow any sum of money on behalf of the Company from time to time, as and when required from any one or more of the Company's Bankers and/or from any other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise, whether unsecured or secured so that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, for the purposes of business or activities of the Company, either in foreign currency and / or in rupee, provided, however that the total amount upto which the moneys which may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 100 Crores (Rupees Hundred Crores only).

**RESOLVED FURTHER THAT** any one of the Directors of the Company, be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and other things as may be required or considered necessary, expedient or incidental thereto for giving effect to aforesaid resolution."

**Registered Office:**

301, 3<sup>rd</sup> Floor, Shalin Complex, Sector-11,  
Gandhinagar - 382011 (Gujarat)

**Date: 20<sup>th</sup> May, 2017**

**CIN:L24100GJ2005PLC047292**

**By Order of the Board**

sd/-

**Mr. Dineshsinh B Chavada**

**(DIN: 01497977)**

**Chairman & Managing Director**

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.**
2. **A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**
3. Pursuant to the provisions of SEBI (LODR) Regulations, 2015 and section 91 of the Companies Act, 2013, Register of Members and Shares Transfer Books of the Company will remain closed from Thursday, 21<sup>st</sup> September, 2017 to Thursday, 28<sup>th</sup> September, 2017 . (both days inclusive).
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Shareholders holding shares in dematerialized form should communicate the change of address, if any, to their Depository Participant and other who hold shares in physical form should communicate the change of address, to the Registrar and Share Transfer Agent of the Company at the following address:  
Purva Sharegistry (India) India Pvt. Ltd.  
Unit No. 9, Shiv Shakti Inds. Estate, J R Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai – 400011.
6. As a matter of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Therefore, Members are requested to bring their copies at Annual General Meeting.
7. Members/Proxies should bring their attendance slip duly filed in for attending the meeting.
8. The Notice of the 12<sup>th</sup> AGM along with the attendance slip and proxy form are being sent by electronic mode to all the members whose email addresses are registered with Company/ Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
9. The Company, being listed on SME Exchange and in view of provisions of Rule 20 of the Companies (Management and Administration) Rules, 2014 is not required to provide remote e-voting facility to its members.

10. Additional information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchange in respect of the Directors seeking appointment/reappointment at the AGM are furnished and annexed to the notice.

**11. Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013**

**ITEM NO. 4:**

As you are aware that the Company may make investments by way of acquisition of shares/securities of various bodies corporate and may also invest its surplus funds, if any. The Company may also be required to give loan to various parties and may also provide guarantee or security in respect of borrowing made by various person.

The growth in the levels of operations is also expected to increase. In view of the same, it is expected that the total amount of loans and investments made by the Company together with loans/investments/guarantees/securities to be made in future to bodies corporate and other parties may exceed the limits prescribed under section 186 of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, your company can make loans, investments, give any guarantee or provide security to bodies corporate in excess of 60% of the paid-up share capital and free reserves or 100% of free reserves whichever is more, only with the prior approval of shareholders by a Special Resolution.

It is proposed to have authorization of the members for the overall outstanding limit of Rs. 50 Crores comprising of total amount of outstanding loan, investment, guarantee or security excluding the loan, investment etc. which are otherwise exempt from the applicability of Section 186 of the Companies Act, 2013. The Register of Inter-corporate Loans and Investments containing the details of the Loan, investment etc. already made by the Company is open for inspection during the office hours on any working day at the Registered Office of the company.

None of the Directors or KMP or their relatives are in any way concerned or interested in the resolution except to the extent of their respective shareholding in the Company.

The Directors recommend this resolution to be passed as a Special Resolution.

**ITEM NO. 5:**

Section 180(1)(a) of the Companies Act, 2013 provides, inter alia, that the Board of Directors shall not, without the consent of Members in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and creation of charge by way of hypothecation or otherwise of movable properties in favour of the Banks/Financial Institution or other lenders may be regarded as disposal of the Company's properties/undertakings etc., it is considered prudent to have the approval of the members to pass a resolution under Section 180(1)(a) of the Companies Act, 2013.

None of the Directors or KMP or their relatives are in any way concerned or interested in the resolution except to the extent of their respective shareholding in the Company.

The Directors recommend this resolution to be passed as a Special Resolution.

**ITEM NO. 6:**

At present, your Company has borrowed amounts from its bankers in the ordinary course of business. However, in the time to come, the Company may be required to borrow money to increase the business volume further. Therefore, it is proposed to have the authorisation of the members for borrowing which may be made by the Company from Financial Institution/Banks/ other lender.

The Board of Directors feels that the borrowing limits be made upto Rs. 100 Crores. The Resolution at item No.6 is of an enabling nature and would authorise the Board of Directors to borrow from time to time sums not exceeding outstanding amount of Rs.100 Crores (Rupees Hundred Crores Only).

Pursuant to provisions of section 180(1)(c) in The Companies Act, 2013, the Board of Director of any company shall exercise the power to borrow money in excess of the paid up share capital and free reserve only with the consent of the company by way of Special Resolution. So the Board of Directors recommend the proposed resolution be considered and passed at the ensuing Annual General Meeting as a Special Resolution to give general authority to any one of the Directors under section 180(1)(c) of the Companies Act, 2013.

None of the Directors or KMP or their relatives are in any way concerned or interested in the resolution except to the extent of their respective shareholding in the Company.

The Directors recommend this resolution to be passed as a Special Resolution.

**Registered Office:**

301, 3<sup>rd</sup> Floor, Shalin Complex, Sector-11,  
Gandhinagar - 382011 (Gujarat)

**Date: 20<sup>th</sup> May, 2017**

**CIN:L24100GJ2005PLC047292**

**By Order of the Board**

sd/-

**Mr. Dineshsinh B Chavada**

**(DIN: 01497977)**

**Chairman & Managing Director**

**ANNUAL REPORT 2016-2017****Details of Director/s Seeking Appointment/Re-appointment at the Annual General Meeting**

|  |  |
|--|--|
| Particulars  | Mrs. Hansaben D Chavada<br>(DIN: 00479509)   |
| Date of Birth  | 01/06/1959   |
| Date of the first Appointment on the Board   | 15/12/2005   |
| Qualification  | 12th Pass  |
| Expertise in Specific functional areas   | Chemical business  |
| Directorships held in other Companies  | Sanginita Industries Private Limited   |
| Memberships/ Chairmanships of committees of Board of Directors of Company  | Nomination and Remuneration Committee  |
| Memberships/ Chairmanships of committees of Board of Directors of other Companies in which he is director  | NA   |
| Number of shares held in the Company   | 14,85,000  |
| Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn by such person, if applicable | NA   |
| Number of Board Meetings attended during the year  | 17   |
| Disclosure of relationship between directors inter-se  | None of the Directors are related inter-se except Mr. Dineshsinh B. Chavada, Managing Director and Ms. Hansaben D. Chavada, Director being husband & wife and Mr. Vijaysinh D. Chavda, Whole-Time Director being son and mother. |

**DIRECTORS' REPORT**

To  
The Member  
SANGINITA CHEMICALS LIMITED

Your Directors take pleasure in presenting the **TWELFTH** Annual Report of the Company together with the Audited Accounts for the financial year ended on 31<sup>st</sup> March, 2017.

**FINANCIAL SUMMARY/HIGHLIGHTS:**

The brief financial results are as under:

|   | (Rs. in lacs)   |                 |
|---|-----------------|-----------------|
| Particulars                                       | 2016-17         | 2015-16         |
| Gross Revenue from Operation                      | 17164.95        | 16783.32        |
| Less: Vat   | (739.13)        | (731.41)        |
| Excise  | (1707.47)       | (1665.59)       |
| Add: Job work                                     | 14.81           | 28.44           |
| <b>Net Revenue from Operations</b>                | <b>14733.16</b> | <b>14414.68</b> |
| Profit/(Loss) before Depreciation and Tax         | 215.17          | 211.06          |
| Less: Depreciation                                | (44.64)         | (49.55)         |
| Profit/(Loss) Before Tax and Extra Ordinary Items | 170.53          | 161.51          |
| Less: Extra Ordinary Items                        | 0               | 0               |
| Less: Current Tax                                 | 59.42           | 51.86           |
| Deferred Tax                                      | (0.65)          | (0.82)          |
| <b>Profit/(Loss) After Tax</b>                    | <b>111.76</b>   | <b>110.47</b>   |
| Add: previous year Profit/(Loss)                  | 738.11          | 627.64          |
| Less: Issue of Bonus Shares                       | (423.39)        | 0               |
| <b>Balance Carried to Balance Sheet</b>           | <b>426.48</b>   | <b>738.11</b>   |

The turnover of the Company for the year 2016-17 has increased from Rs.14414.68 Lacs to Rs. 14733.16 Lacs. Due to this, profit before Depreciation and Tax stands increased to Rs. 215.17 Lacs as compared to profit of Rs. 211.06 Lacs in the last year. There was no negative effect of Demonetization on the administration and business of the Company.

**SUBSIDIARY COMPANIES/JOINT VENTURE COMPANY/ASSOCIATE COMPANY:**

The Company does not have any Subsidiary Companies or Joint Venture Company or Associate Company.

**MATERIAL CHANGES AND COMMITMENT:**

During the year, there were no material changes and commitments affecting the financial position of the Company which have occurred between the end of financial year of the Company to which the financial statements relate and the date of the report.

**REASONS FOR REVISION OF FINANCIAL STATEMENT OR REPORT:**

During the year, the financial statement or report was not revised. Hence further details are not applicable.

**DIVIDEND:**

In order to conserve resources, your Directors express their inability to declare any dividend.

**TRANSFER TO RESERVE:**

Your Directors find it prudent not to transfer any amount to General Reserve.

**INCREASE IN AUTHORISED SHARE CAPITAL:**

During the year under review the Company has increased authorised share capital from Rs. 10,00,00,000 (Rupees Ten Crore only) divided in to 1,00,00,000 (One Crore) Equity Shares of Rs. 10 each ; to Rs. 18,00,00,000 (Rupees Eighteen Crore only) divided in to 1,80,00,000 (One Crore Eighty Lacs) Equity Shares of Rs. 10 each .

**ALLOTMENT OF SHARES UNDER BONUS ISSUE:**

The Company has allotted 4233900 equity shares of Rs. 10 each during the year under review as Bonus share in the ratio of 1 equity shares of Rs. 10 each for every 2 Equity shares of Rs. 10 each held by the existing Shareholders of the Company.

**SUCCESSFUL INITIAL PUBLIC OFFERING:**

At the beginning of the financial year, the Company was an unlisted private Company. With effect from 23<sup>rd</sup> December, 2016, the Company was converted into a Public Limited Company. The Company has made an Initial Public Offer of 45,66,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 22/- per equity share including a share premium of Rs.12/- per equity share vide prospectus dated 23<sup>rd</sup> February, 2017. The Company has successfully completed the Initial Public Offering (IPO) during the year pursuant to the applicable SEBI Rules and Regulations. The IPO opened on 1<sup>st</sup> March, 2017 and closed on 3<sup>rd</sup> March, 2017.

The IPO of the Company received an encouraging response from the investors and the public issue was oversubscribed. The Equity Shares of the Company have been listed on SME Platform of NSE Limited w.e.f 10<sup>th</sup> March, 2017.

The Equity shares of the Company as listed on SME platform of NSE Limited have a regular and continuous trading.

**DIRECTORS & KEY MANAGERIAL PERSONNEL:**

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Mrs. Hansaben D. Chavada (DIN: 00479509), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself to be re-appointed as Director of the Company.

The Board recommends the re-appointment of Mrs. Hansaben D Chavada (DIN: 00479509) as Director of the Company liable to retire by rotation.

During the year under review, Mr. Faiyazkhan Y. Pathan (DIN: 07702208) and Mr. Jagdishkumar V. Thakor (DIN: 07702521) were appointed as Independent Directors of the Company for 5 years w.e.f. 10<sup>th</sup> January, 2017 at the Extra Ordinary General Meeting of the Company held on 10<sup>th</sup> January, 2017.

Mr. Dineshsinh B. Chavada (DIN:01497977) was appointed as Managing Director and Mr. Vijaysinh D. Chavda (DIN:00479413) for a period of 5 years from 23<sup>rd</sup> November, 2016 at the Extra Ordinary General Meeting of the Company held on 30<sup>th</sup> November, 2016.

Mr. Rajesh G. Lachhwani was appointed as Company Secretary and Ms. Sangitaben D. Chavda was appointed as CFO of the Company w.e.f. 1<sup>st</sup> January, 2017.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts on a going concern basis; and
5. that the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**FORMAL EVALUATION BY BOARD OF ITS OWN PERFORMANCE:**

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Board shall carry out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of Audit and Nomination & Remuneration Committees based on the criteria and framework adopted by the Board.

**NUMBER OF MEETINGS OF BOARD:**

The Board of Directors duly met 17 (Seventeen) times.

**DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received necessary Declaration from each Independent Director/s under section 149(7) of the Companies Act, 2013 that they meets the criteria of Independence laid down in section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS / SWEAT EQUITY SHARES / EMPLOYEE STOCK OPTION SCHEME:**

During the year, the Company has not issued any equity shares with differential voting rights or sweat equity shares or shares under employee stock option scheme. Hence disclosure regarding the same is not given.

**AUDITORS:**

M/s. B. K. Chavda & Co., Chartered Accountants, the existing auditors of the Company were appointed as auditors of the Company at the 9<sup>th</sup> AGM for holding the office from the conclusion of that 9<sup>th</sup> AGM till the conclusion of the 13<sup>th</sup> AGM (Subject to ratification by the members at every subsequent Annual General Meetings).

As per Section 139(1) every company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting and the manner and procedure of selection of auditors by the members of the company at such meeting shall be such as may be prescribed.

It is further provided that the Company shall place the matter relating to such appointment for ratification by members at every annual general meeting. Hence the members are requested to consider the matter of ratification of appointment of Auditors made and also to fix their remuneration.

**AUDITORS' REPORT AND NOTES ON ACCOUNTS:**

The Board has duly reviewed the Statutory Auditor's Report on the Accounts. The observations, comments and notes of Auditor are self explanatory and do not call for any further explanation /clarification.



**SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. K. K. Patel & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "**Annexure-1**".

**AUDIT COMMITTEE:**

As required under the provisions of section 177 of the Companies Act, 2013 and Rules made there under the Board of Director at its meeting held on 12<sup>th</sup> January, 2017 constituted the Audit Committee. The Audit Committee comprises of the following members:

- |                            |             |
|----------------------------|-------------|
| 1. Mr. Jagdishkumar Thakor | Chairperson |
| 2. Mr. Faiyazkhan Pathan   | Member      |
| 3. Mr. Vijaysinh Chavda    | Member      |

**NOMINATION & REMUNERATION COMMITTEE:**

As required under the provisions of section 178 of the Companies Act, 2013 and Rules made there under the Board of Director at its meeting held on 12<sup>th</sup> January, 2017 constituted the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of the following members:

- |                            |             |
|----------------------------|-------------|
| 1. Mr. Faiyazkhan Pathan   | Chairperson |
| 2. Mr. Jagdishkumar Thakor | Member      |
| 3. Mrs. Hansaben Chavada   | Member      |

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

As required under the provisions of section 178 of the Companies Act, 2013 and Rules made there under the Board of Director at its meeting held on 12<sup>th</sup> January, 2017 constituted the Stakeholders Relationship Committee. The Stakeholders Relationship Committee consists of the following members:

- |                            |             |
|----------------------------|-------------|
| 1. Mr. Faiyazkhan Pathan   | Chairperson |
| 2. Mr. Jagdishkumar Thakor | Member      |
| 3. Mr. Vijaysinh Chavda    | Member      |

**RISK MANAGEMENT POLICY/PLAN:**

It may please be noted that as per the applicable requirement of Companies Act, 2013 a risk management policy/plan of the Company is developed and implemented for creating and protecting the Shareholder's value by minimizing threats or losses and to identify and provide a framework that enables future activities of a Company to take place in a consistent and controlled manner.

**VIGIL MECHANISM:**

The Company has a vigil mechanism for its directors and employees, to deal with instance of fraud/ mismanagement, if any and to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The details of the policy are posted on the website of the Company.

**CODE OF BUSINESS CONDUCT AND ETHICS:**

The Company has laid down a Code of Conduct (COC) which is applicable to all the Board members and Senior Management of the Company. The COC is available on the website of the Company [www.sanginitachemicals.co.in](http://www.sanginitachemicals.co.in). All the members of the Board and Senior Management have affirmed compliance with the Code.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place an Anti Sexual Harassment measures in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year, there were no complaints received under the said act.

**REMUNERATION POLICY:**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

The Company's shareholders may refer the Company's website for the detailed Nomination & Remuneration Policy of the Company on the appointment and remuneration of Directors including criteria for determining qualifications, positive attributes, independence of a Director; and other matters provided under sub-section (3) of section 178.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

**ANALYSIS OF REMUNERATION:**

The details of remuneration paid to Directors and Key Managerial Personnel is given in extract of Annual Return attached with this report.

## ANNUAL REPORT 2016-2017

Disclosure/details pursuant to provisions of Section 197(12) of the Companies Act 2013 read with Companies (appointment and Remuneration of managerial personnel) Rules, 2014 are given as follows:

| <b>Names and Positions</b>   | <b>[A] Ratio of Directors' Remuneration to the median Remuneration of Employees</b>  | <b>[B] Percentage (%) increase in Remuneration</b> |
|--|--|--|
| Mr. Dineshsinh B. Chavada (Chairperson & Managing Director)  | 2.56   | Nil  |
| Mr. Vijaysinh D. Chavda (Whole Time Director)  | 3.85   | Nil  |
| Mrs. Hansaben D. Chavada (Director)  | Nil  | Nil  |
| Mr. Faiyazkhan Y. Pathan (Independent Director)  | Nil  | Nil  |
| Mr. Jagdishkumar V. Thakor (Independent Director)  | Nil  | Nil  |
| The median remuneration of employees of the Company during the financial year was Rs. 93,600/- p.a.  |  |  |
| <b>[C] Percentage increase in the median Remuneration of Employees</b>   | Nil  |  |
| <b>[D] Number of permanent Employees on the rolls of Company</b>   | 22 (Twenty Two)  |  |
| <b>[E] Average percentile increase already 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</b> | There was no change in the average salaries of employees other than NEDs and KMPs made in the year 2016-17. Similarly, there was no change in the Managerial Remuneration in the year 2016-17 as compared to the year 2015-16. The CFO & CS as Key Managerial Personnel were appointed in the year 2016-17 only. |  |

### PARTICULARS OF EMPLOYEES:

The statement showing the names of the top ten employees in terms of remuneration drawn is given as “**Annexure – 2.**”

There are no employees of the Company drawing remuneration requiring disclosure of information under Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

### DETAILS OF THE REMUNERATION TO MD/WTD (AS PER CLAUSE-IV OF SECTION-II OF PART-II OF SCHEDULE V):

- All elements of the remuneration package such as salary, benefits, bonuses, stock options and pension:  
The details are given in clause- VI (A) of MGT-9 attached to this report as Annexure - 3.
- Details of fixed component and performance-linked incentives, along with the performance criteria:  
The details are given in clause- VI (A) of MGT-9 attached to this report as Annexure – 3 and performance criteria is linked with net profit of the Company.
- Service contracts, notice period and severance fees:  
Term valid till 22<sup>nd</sup> November, 2021. Notice period is 6 month on either side or the Company paying 6 months remuneration in lieu of such notice and no severance fees.
- Stock option details, if any, and whether these have been issued at a discount, as well as the period over which they accrued and how they are exercisable:  
The Company has not granted any stock option.

### REGULATORY ORDERS:

During the year, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### CSR COMMITTEE:

As the requirement of CSR Committee is not applicable to the Company, no further details/disclosure required to be given in this regard.

### DETAILS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

| <b>(A)</b> | <b>Conservation of energy</b>  |   |
|------------|--|---|
| (i)        | the steps taken or impact on conservation of energy                      | The Company accords high priority to conservation of energy. However, there are no specific steps taken in this regard. |
| (ii)       | the steps taken by the company for utilizing alternate sources of energy | The Company is not utilizing alternate sources of energy.   |
| (iii)      | the capital investment on energy conservation equipments                 | NIL   |

|            |  |  |
|------------|--|--|
| <b>(B)</b> | <b>Technology absorption</b><br>(i) the efforts made towards technology absorption<br>(ii) the benefits derived like product improvement, cost reduction, product development or import substitution<br>(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)<br>(a) the details of technology imported;<br>(b) the year of import;<br>(c) whether the technology been fully absorbed;<br>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and<br>(iv) the expenditure incurred on Research and Development | NIL<br>NIL<br><br>The Company has not imported any technology during the year. Hence, there are no details to be furnished under this clause.<br><br>There are no expenditure incurred on Research and Development by the Company. |
| <b>(C)</b> | <b>Foreign exchange earnings and Outgo</b><br>The Foreign Exchange earned in terms of actual inflows during the year and<br>The Foreign Exchange outgo during the year in terms of actual outflows   | Nil<br><br>Nil   |

**INTERNAL FINANCIAL CONTROL:**

The Directors has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating effectively.

**DEPOSITS:**

During the year under report, your Company has not accepted any deposits pursuant to Section 73 of the Companies Act, 2013. Hence further details are not given.

Details of money accepted (if any during the year) by the Company from the Directors and/or the relatives of Directors of the Company are given in the notes to the Financial Statements and the same are not deposit as per the applicable provisions of Companies Act, 2013 and rules made thereunder.

**CORPORATE GOVERNANCE:**

It may please be noted that as our Company is not falling in the applicability criteria prescribed as mentioned in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Hence, the Report on Corporate Governance is not forming part of the Directors' Report.

**EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT- 9 is annexed herewith as "Annexure -3"

**PARTICULARS OF LOANS, INVESTMENTS OR GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

There are no Loans, Investments or Guarantees /Security given by the Company during the year, under section 186 of the Companies Act, 2013; hence no particulars are required to be given.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Necessary Management Discussion and Analysis Report, pursuant to Regulation 34(2)(e) of The SEBI (LODR) Regulations, 2015 is appended as "Annexure-4" to Director's Report.

**RELATED PARTY TRANSACTION:**

There are no particulars of contacts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 which are required to be reported in the prescribed form AOC-2. The details of related party transactions as per AS-18 are otherwise reported in the financial statements. The related party transactions are otherwise carried out in the ordinary course of business and on arms length basis and the same are in the best interest of the Company. The related party transactions are due to business exigencies.

**APPRECIATION:**

Your Directors wish to place on record their sincere appreciation for significant contribution made by the employees at all the levels through their dedication, hard work and commitment, thereby enabling the Company to boost its performance during the year under report.

Your Directors also take this opportunity to place on record the valuable co-operation and continuous support extended by its valued business associates, Practicing Company Secretary, Auditors, Supplier, Customers, Banks / Financial Institutions, Government authorities and the shareholders for their continuously reposed confidence in the Company and look forward to having the same support in all its future endeavors.

Place : Gandhinagar

Date : 20<sup>th</sup> May, 2017

By Order of the Board

Sd/-

Dineshsinh B Chavada

(DIN: 01497977)

Chairman & Managing Director

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> March, 2017****[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
**Sanginita Chemicals Limited**  
301, 3<sup>rd</sup> Floor, Shalin Complex,  
Sector-11, Gandhinagar-382011

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sanginita Chemicals Limited**. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings of the Company is not applicable to the Company during the period under review.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent it is applicable as the Company's shares are listed w.e.f. 10<sup>th</sup> March, 2017 in NSE Emerge Platform.
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not applicable**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable** and
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **Not Applicable**
- (vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following sector specific laws applicable specifically to the Company:
  - (i) Environment Protection Act, 1986 & rules made there-under

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

  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreement entered into by the Company with the National Stock Exchange (NSE Emerge Platform) and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

We further report that

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 directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and in case of shorter notice required compliance as per Companies Act, 2013 has been ensured 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 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, the Company has taken the following major decisions which requires reporting under Companies Act, 2013.

1. The Company was converted from Sanginita Chemicals Pvt. Ltd to Sanginita Chemicals Ltd by passing the Special Resolution by members in the Extra Ordinary General meeting held on 30.11.2016.
2. The Company has issued 42,33,900 Bonus Equity shares to the existing share holders in the ratio of 1:2 shares on 15.12.2016.
3. The Company has allotted 45,66,000 Equity Shares of Rs. 10 each at a premium of Rs. 12 per equity share aggregating to Rs. 10,04,52,000/- by Initial Public Offer (IPO) and allotted shares on 8<sup>th</sup> March, 2017. Further, the Company's shares got listed w.e.f 10<sup>th</sup> March, 2017 on NSE Emerge Platform vide Circular No: 0217/2017 dated 9<sup>th</sup> March, 2017.

**For K K Patel & Associates**

Sd/-

(Kiran Kumar Patel)

FCS No. 6384, CP No. 6352

Date : 20<sup>th</sup> May, 2017

Place: Gandhinagar

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

**'Annexure A'**

To,  
The Members,  
**Sanginita Chemicals Limited**  
301, 3<sup>rd</sup> Floor, Shalin Complex,  
Sector-11, Gandhinagar-382011

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 Statements of the company.
4. 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.
5. The Secretarial Audit report is not an assurance as to the future viability of the Company.

**For K K Patel & Associates**

Sd/-

(Kiran Kumar Patel)

FCS No. 6384, CP No. 6352

Date : 20<sup>th</sup> May, 2017

Place: Gandhinagar

Statement showing the names of the top ten employees in terms of remuneration drawn:

| Name                              | Designation/<br>Nature of<br>duties | Nature of<br>employment,<br>whether<br>contractual<br>or<br>otherwise | Relation<br>with<br>Director<br>or<br>Manager<br>of<br>Company                                 | Remune-<br>ration<br>(In ₹) | Qualifi-<br>cation                    | Experience<br>(Years) | Date of<br>joining | Age<br>(Years) | Last<br>employment<br>before  | %<br>Equity<br>shares<br>held |
|-----------------------------------|-------------------------------------|---|--|-----------------------------|---------------------------------------|-----------------------|--------------------|----------------|---|-------------------------------|
| 1                                 | 2                                   | 3   | 4  | 5                           | 6                                     | 7                     | 8                  | 9              | 10  | 11                            |
| Dineshsinh<br>Bhimsinh Chavada    | Managing<br>Director                | Otherwise   | Husband of<br>Mrs.<br>Hansaben<br>D. Chavada<br>and Father<br>of Mr.<br>Vijaysinh<br>D. Chavda | 360000.00                   | B.Sc.                                 | 33                    | 10.01.2007         | 58             | Environmental<br>Officer in<br>Narmada<br>Project of the<br>Gujarat State | 17.03%                        |
| Vijaysinh<br>Dineshsinh<br>Chavda | Whole time<br>Director              | Otherwise   | Son of<br>Mr.<br>Dineshsinh<br>B. Chavada<br>and Mrs.<br>Hansaben<br>D. Chavada                | 240000.00                   | Diploma in<br>Chemical<br>Engineering | 11                    | 15.12.2005         | 37             | NA  | 5.31%                         |
| Sanjaybhai<br>Kantilal Patel      | General Manager                     | Otherwise   | NIL  | 246400.00                   | B. Sc.                                | 24                    | 01.07.2015         | 46             | Jay Agro  | NIL                           |
| Baldevbhai Bababhai<br>Chauhan    | Marketing<br>Manager                | Otherwise   | NIL  | 234400.00                   | B. Sc.                                | 26                    | 01.07.2015         | 48             | Parekh<br>Enterprise  | NIL                           |
| Bhailal Barot                     | Lab. Staff                          | Otherwise   | NIL  | 196000.00                   | B. Sc.                                | 3                     | 01.04.2017         | 25             | NA  | NIL                           |
| Shiv Shankar<br>Lalasa Tiwari     | Production<br>Manager               | Otherwise   | NIL  | 154000.00                   | B. A.                                 | 24                    | 01.02.2016         | 48             | Suzuki<br>Synthetics  | NIL                           |
| Rekeshbhai R. Patel               | Plant Supervisor                    | Otherwise   | NIL  | 98000.00                    | B. Sc.                                | 2                     | 01.10.2013         | 26             | Laxmi Chemicals   | NIL                           |
| Kamleshbhai<br>Mafabhai Prajapati | Account Officer                     | Otherwise   | NIL  | 83180.00                    | B. Com                                | 8                     | 01.02.2016         | 31             | NA  | NIL                           |
| Vijay Mahendra<br>Jatav           | Worker                              | Otherwise   | NIL  | 73200.00                    | 10 Std.                               | 1                     | 26.03.2016         | 22             | NA  | NIL                           |
| Narendra<br>kumar Nitram          | Worker                              | Otherwise   | NIL  | 73200.00                    | 8 Std.                                | 8                     | 26.03.2016         | 29             | NA  | NIL                           |

## FORM No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017

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

## I. REGISTRATION AND OTHER DETAILS:

|  |  |
|--|--|
| CIN:   | L24100GJ2005PLC047292  |
| Registration Date                              | 15/12/2005   |
| Name of the Company                            | SANGINITA CHEMICALS LIMITED  |
| Category of the Company                        | Listed Public Company  |
| Sub Category of the Company                    | Limited by Shares & having Share Capital   |
| Address  | 301, 3 <sup>rd</sup> Floor, Shalin Complex, Sector-11, Gandhinagar - 382011 (Gujarat)                                      |
| Contact Details                                | +91-79-23240270  |
| Whether Shares Listed                          | Yes  |
| <b>Details of Registrar and Transfer Agent</b> |  |
| Name   | Purva Sharegistry (India) Private Limited  |
| Address  | Unit No. 9, Shiv Shakti Industrial Estate, J R Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai – 400011 |
| Contact Details                                | 022-23016761   |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

| Sr. No. | Name and description of main products /services  | NIC code of the product/ service | % of total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1.      | Manufacturing of Inorganic Metal based Chemicals | 24100                            | 100%                               |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

[No. of Companies for which information is being filled]

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/Associate | % of shares held | Applicable Section |
|---------|---------------------------------|---------|-------------------------------|------------------|--------------------|
| NA      |                                 |         |                               |                  |                    |

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

## (i) CATEGORY-WISE SHARE HOLDING:

| Category of Shareholders                  | No. of Shares held at the beginning of the year |                  |                  |                   | No. of Shares held at the end of the year |          |                    |                   | % Change during the year |
|---|---|------------------|------------------|-------------------|---|----------|--------------------|-------------------|--------------------------|
|   | Demat   | Physical         | Total            | % of Total Shares | Demat                                     | Physical | Total              | % of Total Shares |                          |
| <b>A. Promoters &amp; Promoters Group</b> |   |                  |                  |                   |   |          |                    |                   |                          |
| <b>1 Indian</b>                           |   |                  |                  |                   |   |          |                    |                   |                          |
| a Individual/ HUF                         | -   | 3836688          | 3836688          | 45.31%            | 5755032                                   | -        | 5755032            | 33.33%            | -11.98%                  |
| b Central Govt                            | -   | -                | -                | -                 | -   | -        | -                  | -                 | -                        |
| c State Govt(s)                           | -   | -                | -                | -                 | -   | -        | -                  | -                 | -                        |
| d Bodies Corporate                        | -   | 46,23,944        | 46,23,944        | 54.61%            | 69,35,916                                 | -        | 69,35,916          | 40.17%            | -14.44%                  |
| e Banks / Financial Institutions          | -   | -                | -                | -                 | -   | -        | -                  | -                 | -                        |
| f Any Other...                            | -   | -                | -                | -                 | -   | -        | -                  | -                 | -                        |
| <b>Sub-total (A) (1)</b>                  | -   | <b>84,60,632</b> | <b>84,60,632</b> | <b>99.92%</b>     | <b>1,26,90,948</b>                        | -        | <b>1,26,90,948</b> | <b>73.50%</b>     | <b>-26.42%</b>           |

|   |   |                  |                  |               |                    |   |                    |              |                |
|---|---|------------------|------------------|---------------|--------------------|---|--------------------|--------------|----------------|
| <b>2 Foreign</b>  |   |                  |                  |               |                    |   |                    |              |                |
| a NRIs - Individuals  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| b Other - Individuals   | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| c Bodies Corporate  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| d Banks / Financial Institutions  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| e Any Other...  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| <b>Sub-total (A) (2)</b>  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                       | - | <b>84,60,632</b> | <b>84,60,632</b> | <b>99.92%</b> | <b>1,26,90,948</b> | - | <b>1,26,90,948</b> | <b>73.5%</b> | <b>-26.42%</b> |
| <b>B. Public Shareholding</b>   |   |                  |                  |               |                    |   |                    |              |                |
| <b>1 Institutions:</b>  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| a Mutual Funds  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| b Banks / Financial Institutions  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| c Central Govt  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| d State Govt(s)   | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| e Venture Capital Funds   | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| f Insurance Companies   | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| g FII's   | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| h Foreign venture Capital Funds   | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| i Others (specify)  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| <b>Sub total (B)(1)</b>   | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| <b>2 Non Institutions:</b>  |   |                  |                  |               |                    |   |                    |              |                |
| a Bodies Corporate  |   |                  |                  |               |                    |   |                    |              |                |
| i) Indian   | - | -                | -                | -             | 1548000            | - | 1548000            | 8.96%        | +8.96%         |
| ii) Overseas  | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| b Individuals   |   |                  |                  |               |                    |   |                    |              |                |
| i) Individual shareholders holding nominal share capital upto Rs. 2 lakh        | - | 7168             | 7168             | 0.08%         | 1237110            | - | 1237110            | 7.16%        | +7.08%         |
| ii) Individual Shareholder holding nominal share capital in excess of Rs 2 lakh | - | -                | -                | -             | 1263642            | - | 1263642            | 7.32%        | +7.32%         |
| c Others (NRI+CM+HUF)   | - | -                | -                | -             | 528000             | - | 528000             | 3.06%        | +3.06%         |
| <b>Sub-total (B)(2)</b>   | - | <b>7168</b>      | <b>7168</b>      | <b>0.08%</b>  | <b>4576752</b>     | - | <b>4576752</b>     | <b>26.5%</b> | <b>+26.42%</b> |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                              | - | <b>7168</b>      | <b>7168</b>      | <b>0.08%</b>  | <b>4576752</b>     | - | <b>4576752</b>     | <b>26.5%</b> | <b>+26.42%</b> |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                          | - | -                | -                | -             | -                  | - | -                  | -            | -              |
| <b>Grand Total (A+B+C)</b>  | - | <b>8467800</b>   | <b>8467800</b>   | <b>100%</b>   | <b>17267700</b>    | - | <b>17267700</b>    | <b>100%</b>  | <b>-</b>       |



**(ii) SHAREHOLDING OF PROMOTERS:**

| Sr. No. | Shareholder's Name                   | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                  |  | % change in share holding during the year |
|---------|--------------------------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
|         |                                      | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares*                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1.      | Hansaben D Chavada                   | 9,90,000                                  | 11.69%                           | Nil  | 14,85,000                            | 8.60%                            | Nil  | -3.09%                                    |
| 2.      | Vijaysinh D. Chavda                  | 6,11,000                                  | 7.22%                            | Nil  | 9,16,500                             | 5.31%                            | Nil  | -1.91%                                    |
| 3.      | Dineshsinh B. Chavada                | 19,60,600                                 | 23.15%                           | Nil  | 29,40,900                            | 17.03%                           | Nil  | -6.12%                                    |
| 4.      | Anitaben D Chavda                    | 2,75,088                                  | 3.25%                            | Nil  | 4,12,632                             | 2.39%                            | Nil  | -0.86%                                    |
| 5.      | Sanginita Industries Private Limited | 46,23,944                                 | 54.61%                           | Nil  | 69,35,916                            | 40.17%                           | Nil  | -14.44%                                   |
|         | <b>Total</b>                         | <b>84,60,632</b>                          | <b>99.92%</b>                    | <b>Nil</b>                                       | <b>1,26,90,948</b>                   | <b>73.50%</b>                    | <b>Nil</b>                                       | <b>-26.42%</b>                            |

\*Note: Change in the shareholding is due to market transactions (purchase / IPO Allotment/ sale in shares) made by shareholders during the year.

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE):**

| Sr. No. |                                      | Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2016 |                                  | Shareholding at the beginning of the year i.e. 31 <sup>st</sup> March, 2017 |                                  |
|---------|--------------------------------------|--|----------------------------------|---|----------------------------------|
|         |                                      | No. of shares  | % of total shares of the company | No. of shares*  | % of total shares of the company |
| 1.      | Hansaben D. Chavda                   | 9,90,000   | 11.69%                           | 14,85,000   | 8.60%                            |
| 2.      | Vijaysinh D. Chavda                  | 6,11,000   | 7.22%                            | 9,16,500  | 5.31%                            |
| 3.      | Dineshsinh B. Chavada                | 19,60,600  | 23.15%                           | 29,40,900   | 17.03%                           |
| 4.      | Anitaben D Chavda                    | 2,75,088   | 3.25%                            | 4,12,632  | 2.39%                            |
| 5.      | Sanginita Industries Private Limited | 46,23,944  | 54.61%                           | 69,35,916   | 40.17%                           |

\*Note: Change in the shareholding is due to market transactions (purchase / IPO Allotment/ sale in shares) made by shareholders during the year.

**(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):**

| Sr. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2016 |                                  | Cumulative Shareholding during the year i.e. 31 <sup>st</sup> March, 2017 |                                  |
|---------|-------------------------------------|--|----------------------------------|---|----------------------------------|
|         |                                     | No. of shares  | % of total shares of the company | No. of shares   | % of total shares of the company |
| 1.      | Dipaksinh B Chavda                  | 740  | 0.01%                            | Nil   | Nil                              |
| 2.      | Baldevsinh B. Vaghela               | 952  | 0.01%                            | 25428   | 0.15%                            |
| 3.      | Dilipsinh S. Vaghela                | 912  | 0.01%                            | 25368   | 0.15%                            |
| 4.      | Tejendrasinh B. Vaghela             | 564  | 0.01%                            | 25368   | 0.15%                            |
| 5.      | Ranjitsinh N. Vaghela               | 4000   | 0.05%                            | Nil   | Nil                              |
| 6.      | Beeline Broking Limited             | Nil  | Nil                              | 234000  | 1.35%                            |
| 7.      | Bhagwatilal Kundanlal Jain          | Nil  | Nil                              | 132000  | 0.76%                            |
| 8.      | Pratibha Bhagwatilal Jain           | Nil  | Nil                              | 132000  | 0.76%                            |
| 9.      | Bhagwatilal Kundanlal Jain          | Nil  | Nil                              | 66000   | 0.38%                            |
| 10.     | Kanta Satyanarayan Shah             | Nil  | Nil                              | 60000   | 0.34%                            |
| 11.     | Geeta Rameshchandra Shah            | Nil  | Nil                              | 60000   | 0.34%                            |
| 12.     | Rameshchandra Bansilal Shah         | Nil  | Nil                              | 60000   | 0.34%                            |
| 13.     | Satyanarayan Bansilal Shah          | Nil  | Nil                              | 60000   | 0.34%                            |
| 14.     | Narottam Chaturdas Tanna            | Nil  | Nil                              | 54000   | 0.31%                            |
| 15.     | Satyanarayan Bansilal Shah          | Nil  | Nil                              | 54000   | 0.31%                            |

Note: Change in the shareholding is due to market transactions (purchase / sale in shares) made by shareholders during the year.

**(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

| Sr. No. | For Each of the Directors & KMP                              | Shareholding at the beginning of the year i.e. 1 <sup>st</sup> April, 2016 |                                  | Cumulative Shareholding during the year i.e. 31 <sup>st</sup> March, 2017 |                                  |
|---------|--|--|----------------------------------|---|----------------------------------|
|         |  | No. of shares  | % of total shares of the company | No. of shares   | % of total shares of the company |
| 1.      | Mr.Dineshsinh B. Chavada (Chairperson and Managing Director) | 19,60,600  | 23.15%                           | 29,40,900   | 1.64%                            |
| 2.      | Mr. Vijaysinh D. Chavda (Whole Time Director)                | 611,000  | 7.22%                            | 9,16,500  | 5.31%                            |
| 3.      | Mrs. Hansaben D. Chavada (Director)                          | 9,90,000   | 11.69%                           | 14,85,000   | 8.60%                            |
| 4.      | Mr. Faiyazkhan Y. Pathan (Independent Director)              | Nil  | Nil                              | Nil   | Nil                              |
| 5.      | Mr. Jagdishkumar V. Thakor (Independent Director)            | Nil  | Nil                              | Nil   | Nil                              |
| 6.      | Mr. Rajesh G. Lachhwani (CS)                                 | Nil  | Nil                              | Nil   | Nil                              |
| 7.      | Mrs. Sangitaben D. Chavda (CFO)                              | Nil  | Nil                              | Nil   | Nil                              |

**V. INDEBTEDNESS:**

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

(Amt in Rs.)

|  | Secured Loans Excluding Deposits | Unsecured Loans    | Deposits | Total Indebtedness  |
|--|----------------------------------|--------------------|----------|---------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                    |          |                     |
| i) Principal Amount  | 24,29,47,477                     | 83,13,048          | -        | 25,12,60,525        |
| ii) Interest due but not paid                              | -                                | -                  | -        | -                   |
| iii) Interest accrued but not due                          | -                                | -                  | -        | -                   |
| <b>Total (i+ii+iii)</b>                                    | <b>24,29,47,477</b>              | <b>83,13,048</b>   | <b>-</b> | <b>25,12,60,525</b> |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                    |          |                     |
| • Addition (CGTMSE Loan)                                   | 1,13,63,849                      | -                  | -        | 1,13,63,849         |
| • Reduction (Repayment of Loan)                            | -                                | (57,58,048)        | -        | (57,58,048)         |
| <b>Net Change</b>  | <b>1,13,63,849</b>               | <b>(57,58,048)</b> | <b>-</b> | <b>56,05,801</b>    |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                    |          |                     |
| i) Principal Amount  | 25,43,11,326                     | 25,55,000          | -        | 25,68,66,326        |
| ii) Interest due but not paid                              | -                                | -                  | -        | -                   |
| iii) Interest accrued but not due                          | -                                | -                  | -        | -                   |
| <b>Total (i+ii+iii)</b>                                    | <b>25,43,11,326</b>              | <b>25,55,000</b>   | <b>-</b> | <b>25,68,66,326</b> |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:**

| Sr. No. | Particulars of Remuneration   | Name of MD/WTD/ Manager   |                               | Total Amount (in Rs.)(p.a.) |
|---------|---|---|-------------------------------|-----------------------------|
|         |   | Mr. Dineshsinh B. Chavada (MD)                                    | Mr. Vijaysinh D. Chavda (WTD) |                             |
| 1.      | <b>Gross salary</b>   |   |                               |                             |
| (a)     | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3,60,000  | 2,40,000                      | 6,00,000                    |
| (b)     | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -   | -                             | -                           |
| (c)     | Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -   | -                             | -                           |
| 2.      | <b>Stock Option</b>   | -   | -                             | -                           |
| 3.      | <b>Sweat Equity</b>   | -   | -                             | -                           |
| 4.      | <b>Commission</b>   |   |                               |                             |
|         | - as % of profit  | —   | —                             | —                           |
|         | - Others, specify...  | —   | —                             | —                           |
| 5.      | <b>Others (Bonus)</b>   | Nil   | Nil                           | Nil                         |
|         | <b>Total (A)</b>  | <b>3,60,000</b>   | <b>2,40,000</b>               | <b>6,00,000</b>             |
|         | <b>Ceiling as per the act</b>   | Within prescribed limit of Schedule V of the Companies Act, 2013. |                               |                             |

**B. REMUNERATION TO OTHER DIRECTORS:**

| Sr. No. | Particulars of Remuneration   | Name of Directors | Total Amount |
|---------|---|-------------------|--------------|
| 1.      | <b>Independent Directors</b>  | NA                |              |
| -       | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |                   |              |
| -       | Commission  |                   |              |
| -       | Others, please specify  |                   |              |
|         | Total (1)   |                   |              |
| 2.      | <b>Other Non-Executive Directors</b>  |                   |              |
| -       | Fee for attending board / committee meetings                                    |                   |              |
| -       | Commission  |                   |              |
| -       | Others, please specify  |                   |              |
|         | Total (2)   |                   |              |
|         | <b>Total (B)=(1+2)</b>  |                   |              |
|         | Total Managerial Remuneration   |                   |              |
|         | Overall Ceiling as per the Act  |                   |              |

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

| Sr. No. | Particulars of Remuneration   | CFO*<br>(Sangitaben D. Chavda) | Company Secretary*<br>(Rajesh G Lachhwani) | Total (in `)       |
|---------|---|--------------------------------|--|--------------------|
| 1.      | <b>Gross salary</b>   |                                |  |                    |
| (a)     | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Rs.64,800                      | Rs.64,800                                  | Rs.1,29,600        |
| (b)     | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                              | -  | -                  |
| (c)     | Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                              | -  | -                  |
| 2.      | <b>Stock Option</b>   | -                              | -  | -                  |
| 3.      | <b>Sweat Equity</b>   | -                              | -  | -                  |
| 4.      | <b>Commission</b>   |                                |  |                    |
|         | - as % of profit  | -                              | -  | -                  |
|         | - Others, specify...  | -                              | -  | -                  |
| 5.      | <b>Others, please specify</b>   | -                              | -  | -                  |
|         | <b>Total</b>  | <b>Rs.64,800</b>               | <b>Rs.64,800</b>                           | <b>Rs.1,29,600</b> |

\* Company Secretary and Chief Executive officer was appointed w.e.f 1<sup>st</sup> January, 2017

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This section contains certain forward-looking statements which are based on certain assumptions and expectations of certain future events.

### **Overall Review**

The Company is engaged mainly in production of Cuprous Chloride, Cupric Chloride and Copper Sulphate at its factory situated at 1133, Near GIDC Phase-4 Chhatral, Ta. Kalol, Gandhinagar (Gujarat) with the optimum total producing capacity. In addition, our Company has also undertaken production of various other chemical products and has also done job work activity which contributes meager amount to our total revenue.

The Company installed manufacturing capacity of following three major products viz. Cuprous Chloride, Copper Sulphate and Cupric Chloride as 60,00,000 Kgs/p.a., 54,00,000 Kgs./p.a. and 3,50,000 Kgs./p.a. respectively. These products are widely used in dyes and pigment industries, paint industries, pharmaceuticals industries, electroplating industries, metal extraction industries and ink, Carbon paper, PVC pipe coating industries etc.

The Company is currently located and supplying the products in India including supply to Merchant Exporter. Going forward the Company plans to directly export its products.

### **Industry Structure and developments**

Chemical industry is one of the oldest industries in India. It not only plays a crucial role in meeting the daily needs of the common man, but which are required in almost all walks of life. Over the last decade, the Indian Chemical industry has evolved from being a basic chemical producer to becoming an innovative industry. With investments in R&D, the industry is registering significant growth in the knowledge sector comprising of specialty chemicals, fine chemicals and pharmaceuticals. With Asia's growing contribution to the global chemical industry, India emerges as one of the focus destinations for chemical Companies worldwide. With the current size of approximately \$108 billion, the Indian chemical industry accounts for 3% of the global chemical industry. Two distinct scenarios for the future emerge, based on how effectively the industry leverages its strengths and manages challenges. Specialty chemical segment in India is poised for substantial growth and offers immense potential for investment as well as employment generation.

### **Financial Performance with respect to Operational Performance**

The gross turnover of the Company i.e. Rs. 16080.27 Lacs in the year 2015-16 had increased to Rs. 17205.92 Lacs in the year 2016-17. After providing for taxation, the Company has made profit of Rs. 111.76 Lacs in current year as compared to profit of Rs. 110.47 Lacs of last year which has been transferred to the Balance Sheet.

### **Internal Control Systems and their adequacy**

The Company practices an internal control system which ensures proper handling and management of its assets. The internal control system of the Company is geared towards achieving efficiency in operations, effective monitoring and compliances with all applicable laws and regulations. The Company regularly conducts internal audit programs. The internal control department of the Company functions under the guidelines of the Audit Committee of the Company.

The Company regularly reviews the adequacy and effectiveness of the internal control system and suggests improvement for strengthening them.

### **Opportunities and threats**

While the domestic and International economic conditions continue to remain challenging and are expected to remain for some more time, we expect that with wide range of products, quality standards and team efforts, your Company will be in a position to wither this situation. Your Company has continued to be the preferred supplier of many leading Companies and has been successful in expanding its approval base, adding leading players from the industry. Therefore, we expect that your Company will continue to be in a position to gradually expand its market reach and market share as per opportunities.

The Company regularly insures all its assets to enable itself in case of any mis-happening. The Company has framed a risk management team which constantly monitors the Indian and international markets and guides the management of any sort of prevailing risk to the company. The commodities prices being internationally traded are affected by the global market demand and supply forces and the dollar rate. The risk management team plays a major role here. Moreover, the industry is labour oriented and business operations of the Company may be materially affected by strikes, lock outs or work stoppage.

**Material Developments in Human Resources and Industrial Relations Front**

As the Company continues to grow, the focus has been on enhancing morale and capabilities of employees. The staff and workers are provided orientation and training for the development of soft and hard skills on a regular basis. Human Resource is a precious asset of your Company. Efforts are made to improve the performance, providing work satisfaction and performance based increments, safety and social status. The Industrial relations remained cordial at all organizational levels and work places. The Company makes regular efforts to maintain relation with Stakeholders by transparency, good governance, regular communication and effective transactions.

**Outlook and Opportunities**

Indian chemical industry is expected to register a growth of 8-9% in the next decade and is expected to double its share in global chemical industry to 5-6% by 2021. Indian Chemical industry has the potential to grow significantly provided some of the key growth imperatives are taken care of. Securing Feedstock, Right Product Mix, M&A opportunities are currently the key imperatives for chemical industry in India. Few investment opportunities can be highlighted as:

- Chemical companies in India can either explore alternate feedstock or invest in setting up plants in resource rich nations to secure feedstock.
- Companies need to invest in exploring the right product mix to be competitive and profitable using the available feedstock in India i.e. Naphtha and its derivatives.
- Indian companies can explore possible Merger, JV opportunities for technology, capital or access to international market by taking advantage of increasing expansion of western companies in India.
- Chemical companies can invest in exploring strategic energy management and strategic water management to cut down their energy costs and contain water availability concerns.
- Companies can invest in upcoming PCPIRs in India and overcome challenges related to infrastructure, power and water availability.
- There are good opportunities in segments such as Speciality Chemicals, Speciality Polymers, for catering to huge emerging domestic demand as also as a manufacturing hub.

**Risks and Concerns**

The Company regularly insures all its assets to enable itself in case of any mishappening. The Company has framed a risk management division which constantly monitors the Indian and international markets and guides the management of any sort of prevailing risk to the Company.

**Environment and Safety**

The Company is committed to comply with the statutory requirements related to environment, health, safety and to prevent pollution through continuous improvement in processes, practices and EHS awareness. Your Company not only cares for compliances in this aspect but also contributes towards society health, safety and green environment.

**Material Developments in Human Resources and Industrial Relations Front, including number of people employed**

The Company has continued to give special attention to Human Resources/Industrial Relations development. Industrial relations remained cordial throughout the year and there was no incidence of strike, lock out etc.

**Cautionary Statement**

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

**By Order of the Board**

**Sd/-**

Dineshsinh B Chavada

**(DIN: 01497977)**

**Chairman & Managing Director**

**Place : Gandhinagar**  
**Date : 20<sup>th</sup> May, 2017**

**INDEPENDENT AUDITOR'S REPORT**

To  
The Members,  
**Sanginita Chemicals Ltd.**

**Report On Standalone Financial Statements:**

We have audited the accompanying Standalone financial statements of Sanginita Chemicals Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management Responsibility For Standalone Financial Statements:**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

**Auditors' Responsibility**

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

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements

**Opinion**

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (ii) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on other Legal & Regulatory Requirement**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

1. As required by section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the aforesaid financial statements comply with the 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 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
- 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 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. As explained to us there is no pending litigation that affects the financial position of the company.
  - ii. As explained to us the company has not entered into any long term contracts including derivatives contracts and hence no material forcible loss.
  - iii. As explained to us no such amount is required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the companies act, 2013 and the rules made there under.
  - iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company.
- h) There are no observation or comments on financial transactions or matters during the year which have any adverse effect on the functioning of the company

For & behalf of  
B. K. Chavda & Co.  
Chartered Accountants  
Sd/-  
CA B.K. Chavda  
(Partner)  
Mem. No. : 116780  
FRN No. : 125064W

**Place :** Gandhinagar  
**Date :** 20.05.2017

#### **ANNEXURE A” TO THE AUDITORS’ REPORT**

This is an annexure on the accounts of **Sanginita Chemicals Ltd.** as referred above in paragraph 1 under the heading ‘Report on other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statement for the year ended **31<sup>st</sup> March, 2017**:

1. **In respect of Fixed Assets :**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. in accordance with this programme certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) on the basis of information and explanation given to us, the Title Deeds of Immovable Properties are held in name of company.



**2. In respect of Inventories :**

- (a) The management has conducted physical verification of inventory at reasonable intervals. In our opinion, the procedure followed by the management for such physical verification is reasonable and adequate in relation to the size of the Company and nature of his business.
- (b) In our opinion the Company is maintaining proper records of inventory. No discrepancy on verification between physical inventories and the book records were noticed.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
5. The Company has not accepted any deposits from the public.
6. We have just broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records u/s. 148 (1) of the Companies Act. And we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable except point 7(b).
- (b) According to the information and explanation given to us, there are no dues of sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute. During the year the assessee has received penalty order of income tax for the A.Y. 2011-12 as per which penalty of Rs. 145000/- is payable. However the assessee has made an appeal against the same order. According to the records, information and explanation given to us the Company is generally regular in depositing with appropriate authorities the applicable statutory dues, which are not disputed.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowing to financial institutions or banks Governments or due to debenture holders.
9. Based upon the audit procedures performed and the information and explanations given by the management, during the year the company have made an Initial Public Offer 45,66,000 equity shares and raised amount of Rs 10,04,52,000 and term loans were applied for the purposes for which those are raised and therefore other disclosure requirements pertaining to this clause is not applicable.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
12. In our opinion, and according to the information and explanations given to us the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank Of India Act, 1934.

For & behalf of  
B. K. Chavda & Co.  
Chartered Accountants

Sd/-

CA B.K. Chavda  
(Partner)

Mem. No. : 116780  
FRN No. : 125064W

Place : Gandhinagar

Date : 20.05.2017

**“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 Sanginita Chemicals Ltd (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on 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 of the 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 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

**Inherent Limitations of 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, 2017, 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 & behalf of  
B. K. Chavda & Co.  
Chartered Accountants  
Sd/-

CA B.K. Chavda  
(Partner)

Mem. No. : 116780  
FRN No. : 125064W

Place : Gandhinagar  
Date : 20.05.2017

BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2017

(Amount in Rs.)

| PARTICULARS  | Notes No. | Figures as at the end of current reporting period 31.03.2017 | Figures as at the end of previous reporting period 31.03.2016 |
|--|-----------|--|---|
| <b>I. EQUITY AND LIABILITIES</b>   |           |  |   |
| (1) <b>Shareholders funds</b>  |           |  |   |
| (a) Share capital  | 1         | 172,677,000  | 84,678,000  |
| (b) Reserves & surplus   | 2         | 105,805,590  | 82,176,463  |
| (c) Money received against share warrents  |           | -  | -   |
|  |           | <u>278,482,590</u>   | <u>166,854,463</u>  |
| (2) <b>Share application money pending allotment</b>                                       |           |  |   |
| (3) <b>Non-current liabilities</b>   |           |  |   |
| (a) Long term borrowings   | 3         | 2,555,000  | 8,313,048   |
| (b) Deferred tax liabilities (Net)   | 4         | 774,696  | 839,654   |
| (c) Other long term liabilities  |           | -  | -   |
| (d) Long term provisions   |           | -  | -   |
|  |           | <u>3,329,696</u>   | <u>9,152,702</u>  |
| (4) <b>Current liabilities</b>   |           |  |   |
| (a) Short term borrowings  | 5         | 254,311,326  | 242,947,477   |
| (b) Trade payables   | 6         |  |   |
| (A) total outstanding dues of creditors micro enterprises and small enterprises            |           | -  | -   |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises |           | 56,677,512   | 7,108,878   |
| (c) Other current liabilities  | 7         | 1,805,790  | 7,907,689   |
| (d) Short term provisions  | 8         | 5,941,681  | 5,186,300   |
|  |           | <u>318,736,309</u>   | <u>263,150,344</u>  |
| <b>Total</b>   |           | <u><b>600,548,595</b></u>                                    | <u><b>439,157,509</b></u>                                     |
| <b>II. ASSETS</b>  |           |  |   |
| (1) <b>Non-current assets</b>  |           |  |   |
| (a) Fixed assets   |           |  |   |
| (i) Tangible assets  | 9         | 33,952,630   | 36,968,601  |
| (ii) Intangible assets   |           | -  | -   |
| (iii) Capital work-in-progress   |           | -  | -   |
| (iv) Intangible assets under development   |           | -  | -   |
| (b) Non current investment   |           | -  | -   |
| (c) Deferred tax assets (net)  |           | -  | -   |
| (d) Long term loans and advances   | 10        | 1,717,305  | 487,785   |
| (e) Other non-current assets   |           | -  | -   |
|  |           | <u>35,669,935</u>  | <u>37,456,386</u>   |
| (2) <b>Current assets</b>  |           |  |   |
| (a) Current investments  |           | -  | -   |
| (b) Inventories  | 11        | 108,925,068  | 114,103,123   |
| (c) Trade receivables  | 12        | 404,983,385  | 267,313,475   |
| (d) Cash & cash equivalents  | 13        | 2,326,114  | 897,253   |
| (e) Short term loans & advances  | 14        | 46,116,550   | 19,387,272  |
| (f) other current assets   |           | -  | -   |
|  |           | <u>562,351,117</u>   | <u>401,701,123</u>  |
| <b>III Misc expenditure not written off</b>  |           | <u>2,527,543</u>   | <u>-</u>  |
| <b>Total</b>   |           | <u><b>600,548,595</b></u>                                    | <u><b>439,157,509</b></u>                                     |
| Subject to notes forming part of accounts  | 22        |  |   |

AS PER OUR REPORT OF EVEN DATE  
FOR B.K.CHAVIDA & CO.

Chartered Accountants

Sd/-  
(CA B.K.Chavda)

Partner

Mem. No. 116780

FRN. No. 125064W

Place : Gandhinagar

Date : 20/05/2017

For & On behalf of the Board of Directors  
Sanginita Chemicals Limited

sd/-

(Mr. Dineshsinh Chavada)  
Chairman & Managing Director  
(DIN : 01497977)

sd/-

(Mr. Faiyazkhan Pathan)  
Independent Director  
(DIN : 07702208)

sd/-

(Mrs. Hansaben Chavada)  
Non-Executive Director  
(DIN : 00479509)

sd/-

(Mr. Jagdishkumar Thakor)  
Independent Director  
(DIN : 07702521)  
(Ms. Sangita D Chavada)  
Chief Financial Officer

sd/-

(Mr. Vijaysinh Chavda)  
Whole Time Director  
(DIN : 00479413)

sd/-

(Mr. Rajesh Lachhwani)  
Compliance Officer (CS)

Place : Gandhinagar

Date : 20/05/2017

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**

(Amount in Rs.)

| PARTICULARS   | Notes No. | Figures as at the end of current reporting period 31.03.2017 | Figures as at the end of previous reporting period 31.03.2016 |
|---|-----------|--|---|
| I. <b>Gross Revenue from operations</b>   | 14A       | 1,720,591,890  | 1,608,026,911   |
| Less: Excise duty , VAT & CST   | 14A       | (244,660,161)  | (166,558,932)   |
| Less: Goods Return  | 14A       | (2,615,879)  |   |
| <b>Net revenue from operations</b>  |           | <b>1,473,315,850</b>   | <b>1,441,467,979</b>  |
| II. <b>Other Income</b>   | 15        | 1,280,573  | 2,160,370   |
| III. <b>Total Revenue (I+II)</b>  |           | <b>1,474,596,423</b>   | <b>1,443,628,349</b>  |
| IV. <b>Expenses</b>   |           |  |   |
| Cost of material consumed   | 16        | 1,364,169,858  | 1,369,308,897   |
| Purchases of Stock-in-trade   |           |  |   |
| changes in inventories of finished goods  |           | 12,156,154   | 5,607,123   |
| work in-progress and stock-in-trade   |           | 3,027,427  | 3,458,577   |
| Employees Benefit expense   | 17        | 29,017,229   | 26,949,794  |
| Finance cost  | 18        | 4,464,067  | 4,954,678   |
| Depreciation and amortisation expense   | 19        | 44,708,838   | 17,198,257  |
| Other expense   | 20        |  |   |
| <b>Total expense</b>  |           | <b>1,457,543,574</b>   | <b>1,427,477,326</b>  |
| V. <b>Profit before exceptional and extraordinary items and tax Expenses (III-IV)</b> |           | 17,052,850   | 16,151,023  |
| VI. Exeptional item   |           | -  | -   |
| VII. Profit before extraordinary items and tax (V-VI)                                 |           | 17,052,850   | 16,151,023  |
| VIII. Extraordinary items   |           |  |   |
| IX. Profit before tax (VII-VIII)  |           | 17,052,850   | 16,151,023  |
| X. Tax expense  |           |  |   |
| (1) Current tax   |           | 5,941,681  | 5,186,300   |
| (2) Previous year tax   |           | -  | -   |
| (3) Deffered Tax Asset  |           | (64,958)   | (82,130)  |
| XI. Profit(Loss) for the period from continuing operations (IX-X)                     |           | 11,176,127   | 11,046,853  |
| XII. Profit/(loss) from discontinuing operations                                      |           | -  | -   |
| XIII. Tax expense of discontinuing operations   |           | -  | -   |
| XIV. Profit/(loss) from discontinuing operations(after Tax ) (XII-XIII)               |           | -  | -   |
| XV. Profit(loss) for the period (XI+XIV)  |           | 11,176,127   | 11,046,853  |
| XVI Earning per equity share  |           |  |   |
| (1) Basic   |           | 0.65   | 1.30  |
| (2) Diluted   |           | 0.65   | 1.30  |
| Subject to notes forming part of accounts   | 22        |  |   |

**AS PER OUR REPORT OF EVEN DATE  
FOR B.K.CHAVIDA & CO.  
Chartered Accountants**

Sd/-  
( CA B.K.Chavda)

**Partner  
Mem. No. 116780  
FRN. No. 125064W**

**Place : Gandhinagar  
Date : 20/05/2017**

**For & On behalf of the Board of Directors  
Sanginita Chemicals Limited**

|  |  |  |
|--|--|--|
| sd/-<br><b>(Mr. Dineshsinh Chavada)</b><br>Chairman & Manging Director<br>(DIN : 01497977) | sd/-<br><b>(Mrs. Hansaben Chavada)</b><br>Non-Executive Director<br>(DIN : 00479509) | sd/-<br><b>(Mr. Vijaysinh Chavda)</b><br>Whole Time Director<br>(DIN : 00479413) |
| sd/-<br><b>(Mr. Faiyazkhan Pathan)</b><br>Independent Director<br>(DIN : 07702208)         | sd/-<br><b>(Mr. Jagdishkumar Thakor)</b><br>Independent Director<br>(DIN : 07702521) | sd/-<br><b>(Mr. Rajesh Lachhwani)</b><br>Compliance Officer (CS)                 |
|  | <b>(Ms. Sangita D Chavada)</b><br>Chief Financial Officer                            |  |

**Place : Gandhinagar  
Date : 20/05/2017**

## NOTES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2017

**1 SHARE CAPITAL :**

The authorised share capital of the company is Rs. 1800 lakhs (180 lakhs shares of Rs. 10 each) during the year. The paid up share capital of the company is 1726.77 lakhs (172.677 lakhs shares of Rs. 10 each). The details regarding the authorised, issued and paid up share capital of the company is given hereunder in a tabular format for better understanding.

The Company has made an Initial Public Offer of 45,66,000 Equity Shares of Rs. 10/- each with premium of Rs. 12/- per share for cash at Rs.22 vide Prospectus dated 23rd February, 2017. So the company made an IPO of an amount of Rs. 10,04,52,000/-. The Company has successfully completed the Initial Public Offering (IPO) in the current year pursuant to the applicable SEBI Rules and Regulations. The IPO opened on 1st March, 2017 and closed on 3rd March, 2017. The IPO of the Company received an encouraging response from the investors and the public issue was oversubscribed. The Equity Shares of the Company have been listed on SME Platform of NSE Limited on 10th March, 2017. The share price as on 31st day of March 2017 had been Rs. 23.85.

| <b>PARTICULARS</b>  | <b>As at 31.03.2017<br/>Amt in Rs.</b> | <b>As at 31.03.2016<br/>Amt in Rs.</b> |
|---|--|--|
| <b><u>AUTHORISED SHARE CAPITAL :</u></b>                                    |  |  |
| 18,000,000 Equity Shares of Rs. 10/- each                                   | 180,000,000                            |  |
| 10,000,000 Equity Shares of Rs. 10/- each in previous year                  |  | 100,000,000                            |
| <b><u>ISSUED SHARE CAPITAL</u></b>  |  |  |
| 1,72,67,700 Equity Shares of Rs. 10/- each                                  | 172,677,000                            |  |
| 84,67,800 Equity Shares of Rs. 10/- each in previous year                   |  | 84,678,000                             |
| <b><u>PAID UP SHARE CAPITAL</u></b>   |  |  |
| 1,72,67,700 Equity Shares of Rs. 10/- each                                  | 172,677,000                            |  |
| 84,67,800 Equity Shares of Rs. 10/- each in previous year                   |  | 84,678,000                             |
| <b><u>PAID UP SHARE CAPITAL:- ( Directors )</u></b>                         |  |  |
| Dineshsinh D.Chavada<br>( 2940900 Equity Share of Rs.10/- each )            | 29,409,000                             |  |
| ( 19,60,600 Equity Share of Rs.10/- each in previous year )                 |  | 19,606,000                             |
| Vijaysinh Dineshsinh Chavda<br>(916500 Equity Share of Rs.10/- each )       | 9,165,000                              |  |
| ( 6,11,000 Equity Share of Rs.10/- each in previous year )                  |  | 6,110,000                              |
| Hansaben Dineshsinh Chavada<br>(1485000 Equity Share of Rs.10/- each )      | 14,850,000                             |  |
| (9,90,000 Equity Share of Rs.10/- each in previous year )                   |  | 9,900,000                              |
| <b>( A )</b>  | <u>53,424,000</u>                      | <u>35,616,000</u>                      |
| <b><u>PAID UP SHARE CAPITAL:- ( Others )</u></b>                            |  |  |
| Sanginita Industries Pvt. Ltd.<br>(69,35,916 Equity Share of Rs.10/- each ) | 69,359,160                             |  |
| ( 46,23,944 Equity Share of Rs.10/- each in previous year )                 |  | 46,239,440                             |
| Anitaben D. Chavda<br>(4,12,632 Equity Share of Rs.10/- each )              | 4,126,320                              |  |
| ( 2,75,088 Equity Share of Rs.10/- each in previous year )                  |  | 2,750,880                              |
| Others :<br>( 10,752 Equity Share of Rs.10/- each )                         | 107,520                                | -                                      |
| ( 7,168 Equity Share of Rs.10/- each in previous year )                     |  | 71,680                                 |
| <b>( B )</b>  | <u>73,593,000</u>                      | <u>49,062,000</u>                      |
| <b><u>ISSUED SHARE CAPITAL:- ( IPO )</u></b>                                |  |  |
| Others Paid Up Share Capital<br>( 45,66,000 Equity Share of Rs.10/- each )  | 45,660,000                             |  |
| ( NIL Equity Share of Rs.10/- each in previous year )                       |  | -                                      |
| <b>( C )</b>  | <u>45,660,000</u>                      | <u>-</u>                               |
| <b>( A ) + ( B ) + ( C )</b>  | <u>172,677,000</u>                     | <u>84,678,000</u>                      |

**1.1 Share issued in IPO in numbers of share and amount of share issued are as under**

| <b>PARTICULARS</b>   | <b>As at 31.03.2017<br/>Rs in Lacs</b> | <b>As at 31.03.2016<br/>Rs in Lacs</b> |
|--|--|--|
| At the beginning of the year                                     | 846.78                                 | 819.28                                 |
| Add Issue During the Year  |  | 27.5                                   |
| bonus Shares   | 423.39                                 | -                                      |
| Initial Public Offer   | 456.60                                 | -                                      |
| <b>Outstanding at the end of the year<br/>(Number of Shares)</b> | <b>1726.77</b>                         | <b>846.78</b>                          |
| At the beginning of the year                                     | 8467800                                | 8,192,800                              |
| Add Issue During the Year  |  | 275,000                                |
| bonus Shares   | 4233900                                | -                                      |
| Initial Public Offer   | 4566000                                | -                                      |
| <b>Outstanding at the end of the year</b>                        | <b>17,267,700</b>                      | <b>8,467,800</b>                       |

**2 RESERVES & SURPLUS :**

- 2.1 During current year company have issued 4566000 Equity shares of Rs 10.each at premium of Rs 12 each by way of IPO and the same amount is taken as share premium account. As per the information provided and explanation given to us, the company is not transferring any amount to any special reserve.
- 2.2 During current year company have issued shares by way of Bonus shares in the ratio of 2:1
- 2.3 The profit and loss account is the balance of net profit after provision of taxation and all carried over to balance sheet from profit and loss account

| <b>PARTICULARS</b>                        | <b>As at 31.03.2017<br/>Amt in Rs.</b> | <b>As at 31.03.2016<br/>Amt in Rs.</b> |
|---|--|--|
| <b><u>Share Premium ( A )</u></b>         |  |  |
| Opening                                   | 8,365,440                              | 8,365,440                              |
| Add: addition during the year             | 54,792,000                             | -                                      |
| Less: use of premium                      | -                                      | -                                      |
| Total share premium ( A )                 | 63,157,440                             | 8,365,440                              |
| <b><u>Profit &amp; Loss A/c ( B )</u></b> | 73,811,023                             | 62,764,170                             |
| Add: Profit of the year                   | 11,176,127                             | 11,046,853                             |
| Less: issue of bonus shares               | 42,339,000                             | -                                      |
| Total Profit & Loss A/c ( B )             | 42,648,150                             | 73,811,023                             |
| <b>Total (A+B)</b>                        | <b>105,805,590</b>                     | <b>82,176,463</b>                      |

**3 LONG TERM BORROWING**

- 3.1. As per the information & explanation provided to us the company's directors has decided not to remit their loan in atleast one year and thus the same has been treated as the Long term Borrowing. The same details are hereunder:

| <b>PARTICULARS</b>                                 | <b>As at 31.03.2017<br/>Amt in Rs.</b> | <b>As at 31.03.2016<br/>Amt in Rs.</b> |
|--|--|--|
| <b><u>Unsecured Borrowing</u></b>                  |  |  |
| <b>(a) Loans and advances from related parties</b> |  |  |
| <b><u>From Directors</u></b>                       |  |  |
| Dineshsinh B Chavada                               | 480,000                                | 4,345,048                              |
| Hansaben D Chavada                                 | 525,000                                | 2,268,000                              |
| Vijaysinh D Chavda                                 | 1,550,000                              | 1,700,000                              |
| Total (a)  | 2,555,000                              | 8,313,048                              |
| <b><u>From others</u></b>                          | -                                      | -                                      |
| Total (b)  | -                                      | -                                      |
| Toatl ( a+b )                                      | 2,555,000                              | 8,313,048                              |

**4 DEFERRED TAX LIABILITIES**

|                                |          |          |
|--------------------------------|----------|----------|
| Opening deferred tax liability | 839,654  | 921,784  |
| Add/Less : DTL/(DTA)           | (64,958) | (82,130) |
| Closing deferred tax liability | 774,696  | 839,654  |

**5 SHORT TERM BORROWING**

- 5.1. Cash credit, working capital demand loan (WCDL) and working capital term loan (WCTL) from the bank is secured by way of hypothecation of all existing and future current assets/movable fixed assets of the company.
- 5.2 Kotak Mahindra bank WCTL of Rs200.00 (Rs in Lacs) @ 10.85% p.a are repayable in 36 monthly installements.
- 5.3 Kotak Mahindra bank WCTL (140) of Rs100.00 (Rs in Lac) @ 10.50% p.a are repayable in 36 monthly installements.

| PARTICULARS | As at 31.03.2017<br>Amt in Rs. | As at 31.03.2016<br>Amt in Rs. |
|-------------|--------------------------------|--------------------------------|
|-------------|--------------------------------|--------------------------------|

**Secured Borrowing****(a) Loans repayable on demand****From Banks**

|  |                    |                    |
|--|--------------------|--------------------|
| Kotak Mahindra Bank Cash Credit (8910) | 237,291,986        | 217,414,116        |
| Kotak Mahindra Bank WCDL               | -                  | 10,000,000         |
| Kotak mahindra bank WCTL               | 9,008,905          | 15,533,361         |
| Kotak mahindra bank WCTL (140)         | 8,010,435          | -                  |
| <b>Total</b>                           | <b>254,311,326</b> | <b>242,947,477</b> |

**6 TRADE PAYABLES**

Sundry creditors includes creditors for assets, expense & raw material.

**(A) total outstanding dues of micro enterprises and small enterprises;**

- -

**(B) total outstanding dues of creditors other than micro enterprises and small enterprises**

|                                   |                   |                  |
|-----------------------------------|-------------------|------------------|
| Sundry Creditors for Assets       | 15,400            | 129,424          |
| Sundry Creditors for Expense      | 1,523,761         | 2,496,032        |
| Sundry Creditors for Raw material | 55,138,351        | 4,483,422        |
| <b>Total</b>                      | <b>56,677,512</b> | <b>7,108,878</b> |

**7 OTHER CURRENT LIABILITIES****(a) Other payables**

|   |         |           |
|---|---------|-----------|
| (i) Unpaid expenditure                  | 185,867 | 235,637   |
| (ii) Vat / CST payable                  | 440,757 | 2,250,660 |
| (iii) TDS payable                       | 132,071 | 6,220     |
| (iv) Deposit received TCE               | 174,720 | 174,720   |
| (v) Provisions for interest on TL       | 47,850  | -         |
| (vi) Excise Duty provisions on FG Stock | 824,525 | -         |

**(b) Advance received from customers**

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| (i) Ishan Dyes & Chemicals Ltd | -                | 4,953,999        |
| (ii) Maruti Enterprise         | -                | 286,453          |
| <b>Total</b>                   | <b>1,805,790</b> | <b>7,907,689</b> |

**8 SHORT TERM PROVISION :****(a) Others provision**

|  |                  |                  |
|--|------------------|------------------|
| (i) Provision for Income Tax (A.Y. 2016-17)  | -                | 5,186,300        |
| (ii) Provision for Income Tax (A.Y. 2017-18) | 5,941,681        | -                |
|  | <b>5,941,681</b> | <b>5,186,300</b> |

All Income tax liabilities have been netted off for all previous years and net balance is taken to books.

**9 FIXED ASSETS :**

| Sr. No | Particulars<br>Fixed Assets/Assets | GROSS BLOCK       |                                |                         | DEPRECIATION      |                  |                   | NET BLOCK         |                   |
|--------|------------------------------------|-------------------|--------------------------------|-------------------------|-------------------|------------------|-------------------|-------------------|-------------------|
|        |                                    | As on<br>01.04.16 | Addition<br>during<br>the year | Total<br>on<br>31.03.17 | AS ON<br>01.04.16 | FOR THE<br>YEAR  | AS ON<br>31.03.17 | AS ON<br>31.03.17 | AS ON<br>31.03.16 |
| 1      | Furniture                          | 304,610           | -                              | 304,610                 | 260,002           | 15,515           | 275,517           | 29,093            | 44,608            |
| 2      | Land & Building                    | 32,839,174        | -                              | 32,839,174              | 14,499,547        | 1,481,949        | 15,981,497        | 16,857,677        | 18,339,627        |
| 3      | Vehicle                            | 2,748,648         | -                              | 2,748,648               | 2,347,125         | 149,429          | 2,496,554         | 252,094           | 401,523           |
| 4      | Office Equipment                   | 503,808           | 78,000                         | 581,808                 | 430,131           | 33,388           | 463,519           | 118,289           | 73,677            |
| 5      | Plant & Machinery                  | 41,152,012        | 1,370,092                      | 42,522,104              | 23,713,804        | 2,693,217        | 26,407,021        | 16,115,083        | 17,438,208        |
| 6      | Laboratory                         | 1,682,201         | -                              | 1,682,201               | 1,011,243         | 90,565           | 1,101,808         | 580,393           | 670,958           |
|        | <b>S U B TOTAL</b>                 | <b>79,230,453</b> | <b>1,448,092</b>               | <b>80,678,545</b>       | <b>42,261,852</b> | <b>4,464,063</b> | <b>46,725,915</b> | <b>33,952,630</b> | <b>36,968,601</b> |

**10 LONG TERM LOANS AND ADVANCES**

As per the information provided and explanation given to us the security deposit includes telephone deposit and deposit with UGVCL and it is considered as secured and good. A deposit of 1% is given to NSE for clearance of IPO and it is refundable after six month from the listing of shares.

| <b>PARTICULARS</b>                  | <b>As at 31.03.2017<br/>Amt in Rs.</b> | <b>As at 31.03.2016<br/>Amt in Rs.</b> |
|-------------------------------------|--|--|
| <b>(a) Secured considered good</b>  |  |  |
| (i) Telephone security Deposit      | 3,000                                  | 3,000                                  |
| (ii) UGVCL security Deposit         | 469,325                                | 469,325                                |
| (iii) UGVCL atriya Office Deposit   | 15,460                                 | 15,460                                 |
| (iv) Deposit at Office (301 shalin) | 200,000                                | -                                      |
| (v) NSE Deposit                     | 1,029,520                              | -                                      |
|                                     | <u>1,717,305</u>                       | <u>487,785</u>                         |

**11 INVENTORIES**

- 11.1 The value of closing stock is verified, valued and certified by the management according to AS -2 and the same is accepted by us.
- 11.2 Raw Material includes Ammonium Molybdate, Caustic Soda Lye & Flake, Copper, Copper Hydroxide, Hydrochloric Acid, Liquid Chlorine, Phthalic Anhydride, Sulphuric Acid, T.g.Urea
- 11.3 Finished Goods includes Copper Oxide Black, Copper Sulphate, cupric chloride, Cuprous Chloride.
- 11.4 Stores & Spares includes Fire Wood, Fuel Gas, HDPE Bag, Lab Chemicals, Polythene Liner Bag.

| <b>PARTICULARS</b>   | <b>As at 31.03.2017<br/>Amt in Rs.</b> | <b>As at 31.03.2016<br/>Amt in Rs.</b> |
|--|--|--|
| <u>(as verified, valued and certified by the management according to AS - 2)</u> |  |  |
| Raw Material   | 101,262,508.05                         | 94,290,071.00                          |
| Stores & spares  | 241,835.17                             | 236,173.00                             |
| Finished Goods   | 7,420,724.78                           | 19,576,879.00                          |
|  | <u>108,925,068</u>                     | <u>114,103,123</u>                     |

**12 TRADE RECEIVABLES****Trade Receivables**

(Unsecured, Considered Good unless stated otherwise)  
Outstanding for the period exceeding three month from the date they become due considered good  
Others Considered good

|                    |                    |
|--------------------|--------------------|
| 49,576,222         | -                  |
| 355,407,163        | 267,313,475        |
| <u>404,983,385</u> | <u>267,313,475</u> |

**13 CASH & CASH EQUIVALENTS**

The cash in hand is taken as certified by directors.

Cash on hand

383,237 833,670

**Balance with Banks :**

In Current Accounts with scheduled banks

SBI - A/c No. 1606

- 63,583

SBI - A/c No. 20691

1,942,877 -

2,326,114 897,253

- 13.1 The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below

| <b>Particulars</b>                    | <b>SBN's</b> | <b>Other<br/>denomination<br/>notes</b> | <b>Total</b> |
|---------------------------------------|--------------|---|--------------|
| Closing cash in hand as on 08.11.2016 | 209000       | 177710                                  | 386710       |
| (+) permitted receipt                 | -            | 4,70,000                                | 4,70,000     |
| (-) permitted payment                 | -            | 4,00,029                                | 4,00,029     |
| (-) Amount deposited in Bank          | 209000       | -                                       | 209000       |
| Closing cash in hand as on 30.12.2016 | NIL          | 2,47,681                                | 2,47,681     |



**14 SHORT TERM LOANS AND ADVANCES**

As per the information provide and explanation given to us the amount of short term loans and advances is unsecured and considered good.

| <b>PARTICULARS</b>                                | <b>As at 31.03.2017<br/>Amt in Rs.</b> | <b>As at 31.03.2016<br/>Amt in Rs.</b> |
|---|--|--|
| <b>(a) Advance to others/Deposits</b>             |  |  |
| <b>(i) Unsecured considered good</b>              |  |  |
| Prepaid expenditure                               | 13,402                                 | 22,704                                 |
| Ambika Transport (Advance)                        | 467,643                                | 467,643                                |
| Advance to suppliers                              | 39,308,063                             | 13,472,438                             |
|   | <u>39,789,108</u>                      | <u>13,962,785</u>                      |
| <b>(b) Advance Tax and Tax deducted at source</b> |  |  |
| Advance Income Tax (A.Y. 2016-2017)               | -                                      | 5,000,000                              |
| Advance Income Tax (A.Y. 2017-2018)               | 5,700,000                              | -                                      |
|   | <u>45,489,108</u>                      | <u>18,962,785</u>                      |
| Refund Due from Income Tax ( A.Y. 2013-14 )       | -                                      | 161,272                                |
| Refund Due from Income Tax ( A.Y. 2015-16 )       | 2,660                                  | 2,660                                  |
| T.D.S. Receivable (A.Y. 2016-2017)                | -                                      | 183,445                                |
| T.D.S. Receivable (A.Y. 2017-2018)                | 148,848                                | -                                      |
|   | <u>151,508</u>                         | <u>347,377</u>                         |
| <b>(c) Advance to Other Statutory Department</b>  |  |  |
| Excise Duty                                       |  |  |
| Excise Duty on capital Goods                      | 8,669                                  | 7,110                                  |
| Excise (PLA)                                      | 20,000                                 | 20,000                                 |
| Custom duty refund claim                          | 397,265                                | -                                      |
| Value Added Tax Credit ( F.Y. 2015-16 )           | 50,000                                 | 50,000                                 |
|   | <u>475,934</u>                         | <u>77,110</u>                          |
| Total (a+b+c)                                     | <u>46,116,550</u>                      | <u>19,387,272</u>                      |

1. The custom duty refund due is due to receipt of lesser quantity from Shar Metal Scrap Co. Ltd.

**14A REVENUE FROM OPERATIONS :**

The company is dealing in manufacturing of chemicals. The sales of the company is inclusive of excise duty & VAT. The total revenue from the operations during the year is Rs. 1473.315 lakhs which is bifurcated as below:

| <b>PARTICULARS</b>                | <b>Sales</b>  | <b>Excise</b> | <b>Vat/CST</b> | <b>As at<br/>31.03.2017<br/>Amt in Rs.</b> | <b>As at<br/>31.03.2016<br/>Amt in Rs.</b> |
|-----------------------------------|---------------|---------------|----------------|--|--|
| <b>Revenue from sales :</b>       |               |               |                |  |  |
| <b>Sales</b>                      |               |               |                |  |  |
| (i) Sales                         | 958,626,510   | 107,654,133   | 53,314,142     | 1,119,594,785                              | 1,280,567,992                              |
| (ii) Less : Sales return          | 2,214,500     | 276,813       | 124,566        | 2,615,879                                  | 8,653,838                                  |
| Net Sales                         | 956,412,010   | 107,377,320   | 53,189,576     | 1,116,978,906                              | 1,271,914,154                              |
| Less : Vat                        | -             | -             | -              | 53,189,576                                 | 60,567,445                                 |
| <b>Net sales Including Excise</b> | -             | -             | -              | 1,063,789,330                              | 1,211,346,709                              |
| less : Excise Duty                | -             | -             | -              | 107,377,320                                | 123,171,969                                |
| Sales Excluding Excise (A)        | -             | -             | -              | 956,412,010                                | 1,088,174,740                              |
| <b>Sales Trading</b>              |               |               |                |  |  |
| (i) Sales                         | 272,235,035   | 33,034,715    | 15,263,515     | 320,533,265                                | 167,512,088                                |
| (ii) Less : Sales return          | -             | -             | -              | -  | 2,598,750                                  |
| Net Sales                         | 272,235,035   | 33,034,715    | 15,263,515     | 320,533,265                                | 164,913,338                                |
| Less : Vat                        | -             | -             | -              | 15,263,515                                 | 7,853,026                                  |
| <b>Net sales Including Excise</b> | -             | -             | -              | 305,269,750                                | 157,060,312                                |
| less : Excise Duty                | -             | -             | -              | 33,034,715                                 | 17,159,818                                 |
| Sales Excluding Excise (B)        | -             | -             | -              | 272,235,035                                | 139,900,494                                |
| <b>Sales OGS</b>                  |               |               |                |  |  |
| (i) Sales                         | 243,188,035   | 30,334,760    | 5,460,275      | 278,983,070                                | 241,656,779                                |
| (ii) Less : Sales return          | -             | -             | -              | -  | 891,608                                    |
| Net Sales                         | 243,188,035   | 30,334,760    | 5,460,275      | 278,983,070                                | 240,765,171                                |
| Less : CST                        | -             | -             | -              | 5,460,275                                  | 4,720,901                                  |
| <b>Net sales Including Excise</b> | -             | -             | -              | 273,522,795                                | 236,044,270                                |
| less : Excise Duty                | -             | -             | -              | 30,334,760                                 | 26,227,145                                 |
| Sales Excluding Excise (C)        | -             | -             | -              | 243,188,035                                | 209,817,125                                |
| <b>Sales OGS exempted</b>         |               |               |                |  |  |
| (i) Sales (D)                     | -             | -             | -              | -  | 732,000                                    |
| Total Sales (A+B+C+D)             | 1,471,835,080 | 170,746,795   | 73,913,366     | 1,471,835,080                              | 1,438,624,359                              |
| <b>Other Operating revenue :</b>  |               |               |                | <b>Aggregate Rs.</b>                       |  |
| Jobwork income                    |               |               |                | 1,480,770                                  | 2,843,620                                  |
| Total                             |               |               |                | <u>1,473,315,850</u>                       | <u>1,441,467,979</u>                       |

| PARTICULARS                                     |   | As at 31.03.2017<br>Amt in Rs.  | As at 31.03.2016<br>Amt in Rs.   |                   |                                |                                |
|---|---|---|--|-------------------|--------------------------------|--------------------------------|
| 15  | <b>OTHER INCOME :</b><br>Other income of the company includes the following income<br>Rent Income Office Atria<br>Income tax provisions for earlier period (A.Y 16-17)<br>Interest on deposits<br>D.G. set lease income<br>Interest on IT refund<br>Interest on delayed sales process<br>Provision For Income Tax (Excess in P.Ys.)<br>Raw Material Cleaning Charges<br>Kasar<br>Total Income | <br><br>1,170,205<br>54<br>2,431<br>-<br>-<br>-<br>-<br>-<br>-<br>107,883<br><u>1,280,573</u> | <br><br>1,114,490.00<br>-<br>-<br>13,500<br>46,672<br>151,228<br>745,181<br>57,375.00<br>31,924.00<br><u>2,160,370</u> |                   |                                |                                |
| 16  | <b>COST OF MATERIAL CONSUMED :</b><br>The value of stock is taken as valued and certified by the management as per AS-2. The details of cost of consumption of raw material and stores & spares is as under. The value of purchase import itself includes insurance & freight. The detaied purchase list is also hereunder :  |   |  |                   |                                |                                |
| PARTICULARS                                     |   | RM  | STORE & SPARES   | FINISHED GOODS    | As at 31.03.2017<br>Amt in Rs. | As at 31.03.2016<br>Amt in Rs. |
| Opening stock                                   |   | 94,290,071  | 236,173  | 19,576,879        | 114,103,123                    | 136,771,288                    |
| Add : Purchases (see note below)                |   | 1,366,954,795   | 4,193,162  | -                 | 1,371,147,957                  | 1,352,247,855                  |
| Less : Closing stock                            |   | 101,262,508   | 241,835  | 7,420,725         | 108,925,068                    | (114,103,123)                  |
| Consumption                                     |   | 1,359,982,358   | 4,187,500  | 12,156,154        | 1,376,326,012                  | 1,603,122,266                  |
| <b>PARTICULARS</b>                              |   |   |  |                   |                                |                                |
| Purchase  |   |   |  |                   | 885,005,422                    | 1,061,701,734                  |
| Exempted purchase                               |   |   |  |                   | 1,700,556                      | 1,218,530                      |
| Import purchase                                 |   |   |  |                   | 198,986,138                    | 129,456,088                    |
| Purchase Local (Trading)                        |   |   |  |                   | 224,171,427                    | 123,022,500                    |
| OGS purchase                                    |   |   |  |                   | 20,275,876                     | 22,272,243                     |
| OGS purchase (Trading)                          |   |   |  |                   | 41,008,538                     | 14,576,760                     |
| Total   |   |   |  |                   | <u>1,371,147,957</u>           | <u>1,352,247,855</u>           |
| 17  | <b>EMPLOYEE BENEFIT EXPENSE :</b><br>The detailed information of employee benefit expense as required by the new schedule VI is here under :  |   |  |                   |                                |                                |
| (i) <b>Factory Salaries &amp; wages</b>         |   |   |  |                   |                                |                                |
| Salary factory staff                            |   |   |  |                   | 1,389,083                      | 1,827,424                      |
| Salary Lab Staff                                |   |   |  |                   | 260,600                        | 429,000                        |
| Bouns exp                                       |   |   |  |                   | 142,167                        | 67,351                         |
| Staff welfare                                   |   |   |  |                   | 173,504                        | 154,994                        |
| Medical health care                             |   |   |  |                   | 4,757                          | 3,444                          |
| Total   |   |   |  |                   | <u>1,970,111</u>               | <u>2,482,213</u>               |
| (ii) <b>Office Salary Office</b>                |   |   |  |                   |                                |                                |
| Salary Exp (office)                             |   |   |  | 212,780           |                                |                                |
| Salary Directors                                |   |   |  | <u>680,000</u>    | 892,780                        | 775,648                        |
| (ii) <b>Contribution to PF &amp; other fund</b> |   |   |  |                   |                                |                                |
| Contribution to provident fund                  |   |   |  | 120,968           |                                |                                |
| ESIC contribution                               |   |   |  | <u>43,568</u>     | 164,536                        | 200,716                        |
| Total   |   |   |  |                   | <u>3,027,427</u>               | <u>3,458,577</u>               |
| 18  | <b>FINANCE COST :</b><br>Finance cost includes Interest on FCNB loan, WCDL Loan, Bank C.C. interest, interest on loan from directors and other charges as detailed below :  |   |  |                   |                                |                                |
| (i) <b>Interest Expense</b>                     |   |   |  |                   |                                |                                |
| Bank C.C. interest                              |   | 24,537,814  |  |                   | 23,869,272                     |                                |
| Interest on WCDL                                |   | 30,054  |  |                   | 504,958                        |                                |
| Interest on WCTL                                |   | -   |  |                   | 1,478,556                      |                                |
| Interest on CBD account                         |   | 917,881   |  |                   | -                              |                                |
| Interest on term loan                           |   | 1,909,281   |  |                   | -                              |                                |
|   |   |   |  | <u>27,395,030</u> |                                | <u>25,852,786</u>              |
| (ii) <b>Other cost</b>                          |   |   |  |                   |                                |                                |
| Bank Charges                                    |   | 33,999  |  |                   | 5,908                          |                                |
| Processing fees                                 |   | 1,075,000   |  |                   | 850,000                        |                                |
| Franking and Stamp Duty                         |   | 513,200   |  | 1,622,199         | 241,100                        | 1,097,008                      |
| Total (i+ii+iii)                                |   |   |  | <u>29,017,229</u> |                                | <u>26,949,794</u>              |

**19 DEPRECIATION AND AMORTISATION COST**

The company is following the WDV method for calculating the depreciation. The detailed calculation of the depreciation is attached herewith in a separate sheet.

Depreciation 4,464,067 4,954,678

**20 OTHER EXPENSES :**

All other cost and expense not included in above heads are given as below :

| <b>PARTICULARS</b>                                 | <b>Factory</b> | <b>Office</b> | <b>As at<br/>31.03.2017<br/>Amt in Rs.</b> | <b>As at<br/>31.03.2016<br/>Amt in Rs.</b> |
|--|----------------|---------------|--|--|
| Powe & fuel  | -              | 170,106       | 170,106                                    | 2,229,603                                  |
| Rent office  | -              | 180,000       | 180,000                                    | 180,000                                    |
| Insurance  | 89,136         | 44,366        | 133,502                                    | 132,799                                    |
| Repairs to building                                |                |               | -  | 62,467                                     |
| <b>Rates &amp; taxes excluding taxes on income</b> |                |               |  |  |
| (i) Custom duty                                    | 2,074,039      | -             | 2,074,039                                  | 1,091,189                                  |
| (ii) Excise Exp                                    | -              | -             | -  | 18,685                                     |
| (ii) Excise duty on stock                          | 824,525        |               | 824,525                                    | -  |
| <b>Other Exps Factory</b>                          |                |               |  |  |
| Eletric Expenses                                   | 539,272        | -             | 539,272                                    | 650,930                                    |
| Factory Exps                                       | 159,220        | -             | 159,220                                    | 28,838                                     |
| Forwarding charges Import                          | 128,400        | -             | 128,400                                    | 98,489                                     |
| Maintanance of building                            | 105,645        | -             | 105,645                                    | -  |
| Maintanance of pant and machinery                  | 2,444,135      | -             | 2,444,135                                  | -  |
| Jobwork Charges                                    | 21,183,000     | -             | 21,183,000                                 | -  |
| Freight Inwards                                    | 86,550         | -             | 86,550                                     | 41,660                                     |
| Import Exps  | 2,202,949      | -             | 2,202,949                                  | 1,236,571                                  |
| Leave encashment                                   | 82,484         | -             | 82,484                                     | -  |
| Laboratory exps                                    | 8,590          | -             | 8,590                                      | 8,050                                      |
| Security Charges                                   | 452,125        | -             | 452,125                                    | 427,388                                    |
| Transport exps                                     | 9,514,035      | -             | 9,514,035                                  | 7,374,914                                  |
| Water Charges                                      | 44,052         | -             | 44,052                                     | 30,298                                     |
| electricity bill                                   | 2,306,743      | 38,548        | 2,345,291                                  | -  |
| <b>Other Office Exps</b>                           |                |               |  |  |
| Computer Consumable Exps                           | -              | 11,850        | 11,850                                     | 8,650                                      |
| Consultancy Charges                                | -              | 152,500       | 152,500                                    | 193,647                                    |
| Mobile Bill Exps                                   | -              | 73,247        | 73,247                                     | 90,221                                     |
| Office Exps  | -              | 107,195       | 107,195                                    | 78,064                                     |
| Postage & Courier Exps                             | -              | 25,125        | 25,125                                     | 15,063                                     |
| Professional Tax exps                              | -              | 2,400         | 2,400                                      | 2,400                                      |
| Registration Charges                               | -              | -             | -  | 27,598                                     |
| Travelling exp                                     | -              | 30,952        | 30,952                                     | -  |
| ROC Fees   | -              | 13,600        | 13,600                                     | 3,500                                      |
| Incometax exp for Ay 2010-11                       | -              | 7,702         | 7,702                                      | -  |
| issue exp  | -              | 631,885       | 631,885                                    | -  |
| RoC Exp  | -              | 600,000       | 600,000                                    | -  |
| Stationery & Printing Exps                         | -              | 44,859        | 44,859                                     | 39,097                                     |
| Telephone Exps                                     | -              | 19,164        | 19,164                                     | 18,491                                     |
| <b>Other General Exps</b>                          |                |               |  |  |
| Audit Fee  | -              | 55,000        | 55,000                                     | 55,000                                     |
| Maintenance Of Vehicles                            | -              | 103,149       | 103,149                                    | 2,618,021                                  |
| Freight Outwards                                   |                |               |  | 260  |
| Commission Exps                                    |                |               |  | 12,250                                     |
| Membership/Subsription fees                        | -              | 20,476        | 20,476                                     | -  |
| Maintenance Of Vehicles                            | -              | -             | -  | 80,225                                     |
| Petrol & Fuel                                      | -              | -             | -  | 176,153                                    |
| Service Tax exps                                   | -              | 103,948       | 103,948                                    | 167,558                                    |
| Prior period exps                                  | -              | 27,866        | 27,866                                     | 178  |
| <b>Total</b>                                       |                |               | <b>44,708,838</b>                          | <b>17,198,257</b>                          |

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED ON 31<sup>ST</sup> MARCH 2017

Amount in Rs.

| Particulars   | 2016-17       | 2015-16       |
|---|---------------|---------------|
| <b>1 Cash Flow From Operating Activities</b>                |               |               |
| Net Profit before taxation and extra ordinary items         | 17,052,850    | 16,151,023    |
| <b>Adjustment for :</b>                                     |               |               |
| Depreciation & Amortisation cost                            | 4,464,067     | 4,954,678     |
| Income Tax Provisions                                       | -             | -             |
| Finance Cost  | 29,017,229    | 26,949,794    |
| <b>Operating Profit before working capital changes</b>      | 50,534,146    | 48,055,495    |
| Increase in Debtors   | (137,669,910) | 36,430,875    |
| Decrease in inventories                                     | 5,178,055     | 22,668,165    |
| Increase in long term loans & advances                      | (1,229,520)   | -             |
| Increase in short term loans & advances                     | (20,880,430)  | 5,021,746     |
| Inrease in creditors  | -             | (101,385,187) |
| Decrease In Provision                                       | (5,186,300)   | (10,440,770)  |
| Increase in other current Assets                            | (2,527,543)   | -             |
| Decrease in other current liabilities                       | (6,101,899)   | 6,865,313     |
| <b>Cash Generated from operations</b>                       | (117,883,402) | 7,215,637     |
| Advance tax paid  | (5,700,000)   | (5,000,000)   |
| Income Taxes Paid   | (148,848)     | -             |
| <b>Cash flow before extra ordinary items</b>                | (123,732,250) | 2,215,637     |
| Cash flow from extra ordinary items                         | -             | -             |
| <b>Net Cash flow from operating activities</b>              | (123,732,250) | 2,215,637     |
| <b>2 Cash Flow From Investing Activities</b>                |               |               |
| Purchase of Fixed Assets                                    | (1,448,095)   | (1,305,774)   |
| Proceeds From sale  | -             | -             |
| Interest Received   | -             | -             |
| Dividend Received   | -             | -             |
| <b>Net Cash From Investing Activities</b>                   | (1,448,095)   | (1,305,774)   |
| <b>3 Cash Flow From Financing Activities</b>                |               |               |
| Proceeds From Issue Of Share Capital                        | 100,452,000   | 2,750,000     |
| Proceeds From Short Term Borrowings                         | 11,363,849    | 24,436,879    |
| Proceeds from Long Term Borrowings                          | (5,758,048)   | (887,000)     |
| Interest Paid   | (29,017,229)  | (26,949,794)  |
| Dividend Paid   | -             | -             |
| <b>Net Cash Issued in financing activities</b>              | 77,040,572    | (649,915)     |
| <b>Net Increase in cash and cash equivalents</b>            | (48,139,773)  | 259,948       |
| Cash & cash equivalents at the beginning of the period      | 897,253       | 637,305       |
| <b>Cash &amp; cash equivalents at the end of the period</b> | (47,242,520)  | 897,253       |

AS PER OUR REPORT OF EVEN DATE  
FOR B.K.CHAVIDA & CO.  
Chartered Accountants

Sd/-  
( CA B.K.Chavda)

Partner  
Mem. No. 116780  
FRN. No. 125064W

Place : Gandhinagar  
Date : 20/05/2017

For & On behalf of the Board of Directors  
Sanginita Chemicals Limited

sd/-  
(Mr. Dineshsinh Chavada)  
Chairman & Managing Director  
(DIN : 01497977)

sd/-  
(Mr. Faiyazkhan Pathan)  
Independent Director  
(DIN : 07702208)

sd/-  
(Mrs. Hansaben Chavada) (Mr. Vijaysinh Chavda)  
Non-Executive Director Whole Time Director  
(DIN : 00479509) (DIN : 00479413)

sd/-  
(Mr. Jagdishkumar Thakor) (Mr. Rajesh Lachhwani)  
Independent Director Compliance Officer (CS)  
(DIN : 07702521)

(Ms. Sangita D Chavada)  
Chief Financial Officer

Place : Gandhinagar  
Date : 20/05/2017

**Note No. 22 NOTES FORMING PART OF THE ACCOUNTS:****1. SIGNIFICANT ACCOUNTING POLICIES:****A. General:**

- (I) The accounts of the Company are prepared under the historical cost convention using the accrual method of accounting. However, other than cash compensatory incentives are accounted on the basis of receipt.
- (II) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

**B. Use of Estimates:**

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statement. The actual outcome may diverge from these estimates.

**C. Details of Shareholder holding more than 5% Equity shares in company:**

| Year                           | 2016-17 (As on 31.03.17) |        | 2015-16 (As on 31.03.16) |        |
|--------------------------------|--------------------------|--------|--------------------------|--------|
| Name of the share holder       | No. Of Shares            | % held | No. Of Shares            | % held |
| Dineshsinh B Chavada           | 2940900                  | 17.03% | 1960600                  | 23.93% |
| Hansaben D Chavada             | 1485000                  | 8.60%  | 1451000                  | 17.71% |
| Vijaysinh D Chavada            | 916500                   | 5.3%   | 150000                   | 1.83%  |
| Sanginita Industries Pvt. Ltd. | 6935916                  | 40.16% | 43,48,944                | 53.08% |

**D. Fixed Assets:**

Fixed assets are stated at cost, net of cenvat and depreciation. No specific borrowing is incurred to increase the fixed assets so no interest on borrowing is capitalized in fixed assets during the current financial year. Building includes road, staff quarters, security room, gate, compound wall etc.

Company maintains a separate and special in-house research laboratory for the development, expansion and invention of new and innovative techniques for easy and speedy process of output, for maintenance of quality of products and also to search out new products for the betterment and expansion of business.

**E. Intangible assets:**

The company does not have any intangible assets till now.

**F. Depreciation:**

- (I) Depreciation, on fixed assets, has been provided in the accounts as per schedule II of the Companies Act, 2013.
- (II) Depreciation on fixed assets is provided on Written Down Value method.
- (III) Depreciation has been charged pro-rata from the date of additions on Written down Value Method as per Schedule II of the Companies Act, 2013.
- (IV) One of the directors of the company himself handles the technical, manufacturing department and as per the written representation received from the director, useful life of laboratory equipment is taken as 20 years.
- (V) Residual value of all the assets is taken at 4%.
- (VI) As per schedule II the life of the office equipments is 5 years however there are some equipments which are already used for more than 5 years and so the life is taken more than 5 years as the amount involved is very low.
- (VII) Additions made in the plant and machinery during the year are grouped on quarterly basis for computation of prorate depreciation.

**G. Impairment of Assets:**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. However as per the information and explanation provided to us no such assets has been impaired.

**H. Investments:**

There is no long term investment is found in books of account under audit.

**I. Inventories:**

Inventories include raw material, finished goods, store and spares, etc. Inventories are valued at lower of the cost or net realizable value as required as per AS 2.

**J. i) Current assets:**

Current assets includes an asset expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle, it is held primarily for being traded. Current assets include Inventories, cash & cash equivalents, trade receivable etc.

**ii) Non-Current assets:**

All assets other than current assets are treated as noncurrent assets.

**K. Sales:**

Sales are shown at net of sales returns, excise duty, VAT but discount and incentives are separately booked as expenditure. Company also has a job work income during the year.

**L. Prior period and extraordinary items:**

During the year the company have made income tax provision of Rs.27,866 relating to financial year 2010-12.

**M. Preliminary expense or expenses to be written off.**

The company incurred an issue expenditure of Rs. 31.59 lac in total and Rs. 6.32 lac (1/5 of the total expenditure) is written off during the current year.

**N. Provisions and Contingent liabilities**

- (I) Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.
- (II) There is no contingent liability in the balance sheet of the company.
- (III) The assessee have filed an appeal against penalty order of AO Income Tax Gandhinagar for the A.Y. 2011-12 as per which penalty u/s 271(1)(c) under Income Tax Act 1961 of Rs. 145000/- is payable. If judgment is not in favour of Company then the liability of payment of the same may arise.

**O. Employee benefits:**

- (I) Short-term employee benefits are recognized as expenses at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- (II) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services.
- (III) As explained by the management that there is no employee in the company who is entitle for gratuity benefit so no provision of gratuity is made.

**P. Export sales & Purchase:**

There are no direct export sales made by company during the year under audit. Company has imported goods during the year however the payment for the same made in Indian currency as the company imports the goods through an intermediary.

**Q. Foreign currency transactions:**

- I. There are no foreign currency transactions in the current financial year.

**R. Borrowing Cost:**

No borrowings are created for acquiring fixed assets during the year.

**S. Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax liability/assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**Calculation of Deferred Tax Liability:****2016-17****Net**

|  |                     |
|--|---------------------|
| Profits as per books of Accounts         | 1,11,76,127/-       |
| Profits calculated as per Income Tax Act | 1,19,43,167/-       |
|  | <b>(7,67,040/-)</b> |

**Permanent Difference**

|                     |        |                   |
|---------------------|--------|-------------------|
| Prior Period Exp    | 27866  |                   |
| Exp. on Autho. Cap. | 600000 |                   |
| Income Tax Exp.     | 7702   |                   |
| Income Tax Exp.     | -55    |                   |
| Income Tax Exp.     | -64958 | <b>(5,70,555)</b> |

**Timing difference (B) As per I.T. – As per Books**

|  |                   |
|--|-------------------|
| Depreciation                               | (1,96,485/-)      |
|  | <b>(1,96,485)</b> |
| Opening Deferred Tax Liability             | <b>8,39,654/-</b> |
| Less : Deduction During the year           |                   |
| Due to Depreciation ( 1,96,485/- * 33.06%) | <b>64,958/-</b>   |
| Net effect of DTA                          | <b>64,958/-</b>   |
| <b>Closing Deferred Tax Liability</b>      | <b>7,74,696</b>   |

Net Deferred Income Tax Assets of Rs.64,958/- for the current year has been taken to the Profit and Loss A/c.

**4. Corporate Information:**

Sanginita Chemicals Limited (The company) is a public limited company which was initially registered as a private limited company with Registrar of Companies Gujarat with CIN number U24100GJ2005PLC047292 from 15.12.2005 and engaged in the business of manufacturing of Chemicals with registered address at 301, 3rd Floor, Shalin Complex, Sector-11, Gandhinagar, Gujarat, India Pin 382 011 and factory address at Block No. 1133, Nr GIDC- Chhatral Phase IV, At : Chhatral, Ta- Kalol, Dist, Gandhinagar, Gujarat, India.

From 23<sup>rd</sup> day of December 2016, the company Sanginita Chemicals Pvt. Ltd. is converted in to a Public Limited company limited by shares under section 18 of the company's act 2013 and so the name of the company is changed to **SANGINITA CHEMICALS LIMITED** from the same date.

The Company has made an Initial Public Offer of 45,66,000 Equity Shares of Rs. 10/- each with premium of Rs. 12/- per share for cash at Rs.22 vide Prospectus dated 23rd February, 2017. So the company made an IPO of an amount of Rs. 10,04,52,000/-. The Company has successfully completed the Initial Public Offering (IPO) in the current year pursuant to the applicable SEBI Rules and Regulations. The IPO opened on 1st March, 2017 and closed on 3rd March, 2017.

The IPO of the Company received an encouraging response from the investors and the public issue was oversubscribed. The Equity Shares of the Company have been listed on SME Platform of NSE Limited on 10<sup>th</sup> March, 2017.

**5. Secured Loans:**

**Short Term Loans and Advances from Banks:**

The company had taken working capital cash credit, Working capital Term loan And Working capital demand loan from Kotak Mahindra Bank and it is secured by way of hypothecation of all existing and future current assets/movable fixed assets of the company.

**6. Unsecured Loans:**

The loan taken from directors is totally unsecured.

7. The breakup of SSI/Non SSI is provided to us by the management and the same is accepted by us.
8. All the balances in the balance sheet are as per books of accounts and are subject to third party confirmations and reconciliation.
9. Previous year figures are regrouped and rearranged wherever necessary to make them comparable with current year figures.
10. In the opinion of the board the current assets, loans & advances and other receivables have value on realization in ordinary course of business at least equal to the amount at which they are stated in the balance sheet.
11. As it is not possible to confirm about due period of all the debtors, so classification of due period of debtors shown in balance sheet is taken as certified by Board of Directors.
12. Auditors Remuneration:

|                      | 2016-17<br>Rs.   | 2015-16<br>Rs.   |
|----------------------|------------------|------------------|
| For Statutory Audit  | 35,000.00        | 35,000.00        |
| For Tax Audit        | 5,000.00         | 5,000.00         |
| For Taxation Matters | 5,000.00         | 5,000.00         |
| For Others           | 10,000.00        | 10,000.00        |
| <b>Total Fees</b>    | <b>55,000.00</b> | <b>55,000.00</b> |

13. The Company has not proposed any dividend on paid up share capital during the year under audit.

14. Disclosure regarding Relationship:

**(A)** The following transactions were carried out with the related parties referred in above in the ordinary course of business.

| Sr. Particulars              | Major Stake holder<br>Sanginita Ind. Pvt.Ltd. | Board of<br>Directors | Other Relatives |
|------------------------------|---|-----------------------|-----------------|
| 1. Share Capital invested of | Rs. 6,93,59,160/-                             | Rs.5,34,24,000/-      | Rs.42,33,840/-  |
| 2. % of share contribution   | 40.17%  | 30.94%                | 2.45%           |
| 3. Sales                     | NIL   | NIL                   | NIL             |
| 4. Purchase                  | NIL   | NIL                   | NIL             |
| 5. Rent Exp.                 | NIL   | Rs.1,80,000/-         | NIL             |
| 6. Rent Deposit              | NIL   | Rs. 2,00,000/-        | NIL             |
| 7. Salary Exp                | NIL   | Rs.6,80,000/-         | NIL             |
| 8. Commission Exp.           | NIL   | NIL                   | NIL             |
| 9. Interest Exp.             | NIL   | NIL                   | NIL             |
| 10. Dividend Exp.            | NIL   | NIL                   | NIL             |
| 11. Job Work Activity        | NIL   | NIL                   | NIL             |

| Particulars                                 |                             | 2016-17          | 2015-16        |                             |
|---|-----------------------------|------------------|----------------|-----------------------------|
| Rent / lease rent expense                   | - Hansaben D Chavda         | 1,80,000         | 1,80,000       |                             |
| Share Holding By KMP                        | - Dineshsinh Chavada        | 2,94,09,000      | 1,96,06,000    |                             |
|   | Hansaben D Chavada          | 1,48,50,000      | 99,00,000      |                             |
|   | Vijaysinh Chavada           | 91,65,000        | 61,10,000      |                             |
| Share Holding by relatives of KMP           | - Anitaben Chavada          | 41,26,320        | 27,50,880      |                             |
|   | Bhikhuji Chavada            | 11,100           | -              |                             |
|   | Pratapsinh Vaghela          | 60,000           | -              |                             |
| Deposit - Hansaben D Chavada (Rent Deposit) |                             | 2,00,000         | -              |                             |
| Remuneration paid/payable to KMP            | - Dineshsinh Chavada        | 2,40,000         | 2,40,000       |                             |
|   | Hansaben D Chavada          | 80,000           | 1,20,000       |                             |
|   | Vijaysinh Chavda            | 3,60,000         | 3,60,000       |                             |
| Unsecured Loans                             | Balance as on<br>01.04.2016 | Loan<br>Accepted | Loan<br>Repaid | Balance as<br>on 31.03.2017 |
| Dineshsinh Chavada                          | 43,45,048                   | 40,40,000        | 79,05,048      | 4,80,000                    |
| Hansaben D Chavada                          | 22,68,000                   | -                | 17,43,000      | 5,25,000                    |
| Vijaysinh Chavda                            | 17,00,000                   | -                | 1,50,000       | 15,50,000                   |
| Unsecured Loans                             | Balance as<br>on 01.04.2015 | Loan<br>Accepted | Loan<br>Repaid | Balance as<br>on 31.03.2016 |
| Dineshsinh Chavada                          | 27,97,048                   | 95,50,000        | 80,02,000      | 43,45,048                   |
| Hansaben D Chavada                          | 28,28,000                   | 38,00,000        | 43,60,000      | 22,68,000                   |
| Vijaysinh Chavda                            | 7,25,000                    | 16,00,000        | 6,25,000       | 17,00,000                   |
| Anitaben D Chavada                          | -                           | 20,00,000        | 20,00,000      | -                           |
| Sanginita Industries Pvt Ltd                | 28,50,000                   | -                | 28,50,000      | -                           |

**(B) Relationship:**

- (I) Shareholders : Shri Dineshsinh B. Chavada, Smt. Hansaben D. Chavada, Shri Vijaysinh D. Chavda and Sanginita Industries Pvt. Ltd. are holding totally 71.11 % equity shares in the Company.
- (II) Subsidiaries of the Company: There is no subsidiary of the company.
- (III) Holding Company : There is no holding company of this company.
- (IV) Key Management Personnel :
- Shri Dineshsinh B. Chavada - Managing Director & Chairman
  - Shri Vijaysinh D. Chavda - Whole Time Director
  - Ms Sangita D Chavada - Chief financial officer
  - Shri Rajesh Lachhwani - Company Secretary and Compliance Officer
- (V) Associates Entities : There is no associate entity of the company.
- (VI) Relatives: Ms. Anita D. Chavda, Mr.Bhikhaji Chadva and Mr.Pratapsinh Vaghela are relatives of directors of the company.

15. Earning per share as disclosed is computed as under

| Particulars          | 2016-17     | 2015-16     |
|----------------------|-------------|-------------|
| Net profit after Tax | 1,11,76,127 | 1,10,46,853 |
| No of Equity Shares  | 1,72,67,700 | 84,67,800   |
| Basic EPS            | 0.65        | 1.30        |
| Diluted EPS          | 0.65        | 1.30        |

16. The company is operating in single segment hence therefore segment reporting is not disclose separately.

**AS PER OUR REPORT OF EVEN DATE  
FOR B.K.CHAVIDA & CO.**

**Chartered Accountants**

Sd/-

( CA B.K.Chavda)

**Partner**

Mem. No. 116780

FRN. No. 125064W

**For & On behalf of the Board of Directors  
Sanginita Chemicals Limited**

sd/-

(Mr. Dineshsinh Chavada)

Chairman & Manging Director  
(DIN : 01497977)

sd/-

(Mr. Faiyazkhan Pathan)

Independent Director  
(DIN : 07702208)

sd/-

(Mrs. Hansaben Chavada)

Non-Executive Director  
(DIN : 00479509)

sd/-

(Mr. Jagdishkumar Thakor)

Independent Director  
(DIN : 07702521)

(Ms. Sangita D Chavada)

Chief Financial Officer

sd/-

(Mr. Vijaysinh Chavda)

Whole Time Director  
(DIN : 00479413)

sd/-

(Mr. Rajesh Lachhwani)

Compliance Officer (CS)

**Place : Gandhinagar**

**Date : 20/05/2017**

**Place : Gandhinagar**

**Date : 20/05/2017**



## 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]

|                            |  |
|----------------------------|--|
| <b>CIN</b>                 | L24100GJ2005PLC047292  |
| <b>Name of the Company</b> | SANGINITA CHEMICALS LIMITED  |
| <b>Registered office</b>   | 301, 3 <sup>rd</sup> Floor, Shalin Complex, Sector -11, Gandhinagar - 382011 |

|                               |  |
|-------------------------------|--|
| <b>Name of the member (s)</b> |  |
| <b>Registered address</b>     |  |
| <b>E-mail Id</b>              |  |
| <b>Folio No/ Client Id</b>    |  |
| <b>DP ID</b>                  |  |

I/We, being the member (s) of SANGINITA CHEMICALS LIMITED, holding \_\_\_\_\_ shares of the above named Company, hereby appoint

|                  |  |
|------------------|--|
| <b>1. Name</b>   |  |
| <b>Address</b>   |  |
| <b>E-mail Id</b> |  |
| <b>Signature</b> |  |

Or Failing him,

|                  |  |
|------------------|--|
| <b>2. Name</b>   |  |
| <b>Address</b>   |  |
| <b>E-mail Id</b> |  |
| <b>Signature</b> |  |

Or Failing him,

|                  |  |
|------------------|--|
| <b>3. Name</b>   |  |
| <b>Address</b>   |  |
| <b>E-mail Id</b> |  |
| <b>Signature</b> |  |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12<sup>th</sup> Annual General Meeting of the Company, to be held on the 28<sup>th</sup> day of September, 2017 at 4.00 p.m at 301, 3<sup>rd</sup> Floor, Shalin Complex Sector - 11, Gandhinagar - 382011 and at any adjournment thereof in respect of such resolutions as are indicated below: **P.T.O.**

**ANNUAL REPORT 2016-2017**

| Resolution No.           | Resolution   |
|--------------------------|--|
| <b>Ordinary Business</b> |  |
| 1                        | To receive and adopt Audited Balance Sheet as at 31st March, 2017 and the Profit and Loss Statement for the year ended on that date together with all annexure and attachment thereto including the Auditor's report and the Directors' Report thereon.  |
| 2                        | To appoint a Director in place of Mrs. Hansaben D Chavada (DIN: 00479509), who retires by rotation and being eligible, offers herself for re appointment.  |
| 3                        | To ratify the appointment of M/s B. K. Chavda & Co. as Statutory Auditors and to fix their remuneration.   |
| <b>Special Business</b>  |  |
| 4                        | To pass Special Resolution under Section 186 of the Companies Act, 2013, to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and to make investments in Shares, Debentures and/or any other Securities of other body corporate and all other loan, investment, guarantee or security covered by Section 186 of the Companies Act, 2013, in excess of 60% of the paid up share capital, free reserves and security premium of the Company or 100% of the Free Reserves and security premium of the Company whichever is more. |
| 5                        | To pass Special Resolution under Section 180(1)(a) of the Companies Act, 2013, to mortgage or charge all the immovable, movable and intangible properties of the Company.  |
| 6                        | To pass Special Resolution under Section 180(1)(c) of the Companies Act, 2013 to borrow any sum of money on behalf of the Company.   |

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

Affix  
Revenue  
Stamp

Signature of shareholder:

Signature of Proxy holder(s):

Note:

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



**SANGINITA CHEMICALS LIMITED**

(CIN: L24100GJ2005PLC047292)

Registered Office: 301, 3<sup>rd</sup> Floor, Shalin Complex, Sector - 11, Gandhinagar - 382011**ATTENDANCE SLIP**12<sup>th</sup> Annual General Meetingat the Registered Office: 301, 3<sup>rd</sup> Floor, Shalin Complex, Sector - 11, Gandhinagar - 382011

| DP ID | Client ID | Folio No. | No. of shares held |
|-------|-----------|-----------|--------------------|
|       |           |           |                    |

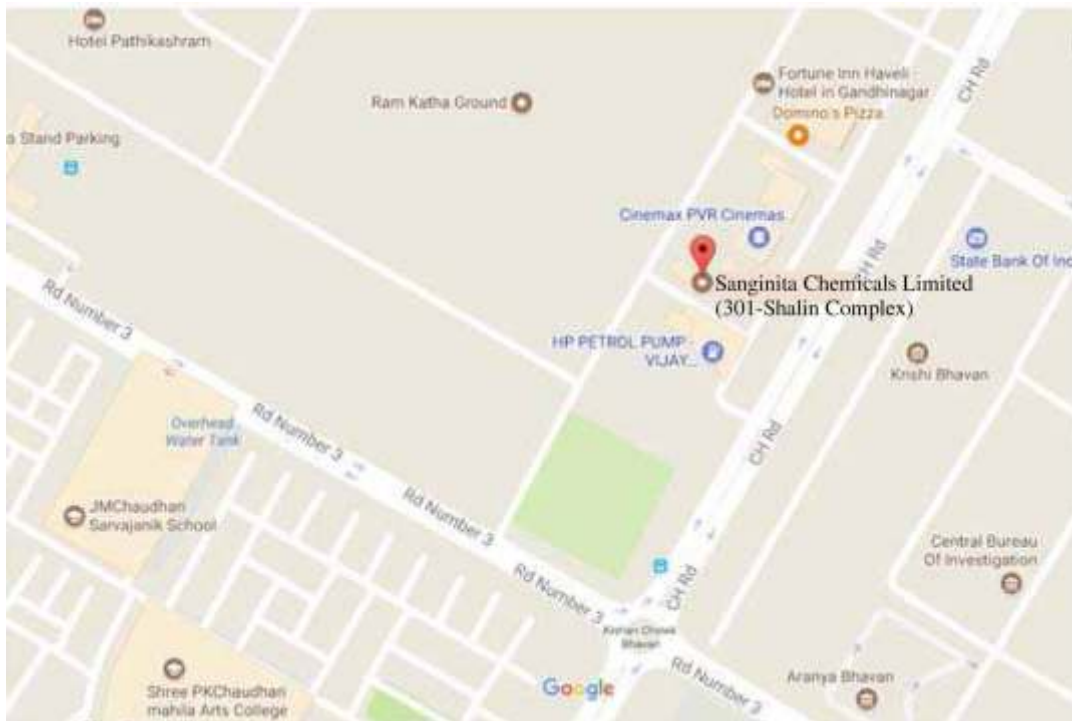
Name of the attending Member/Proxy (In block letters) :

I hereby record my presence at the 12<sup>th</sup> Annual General Meeting held at on 28<sup>th</sup> September, 2017 at 4.00 p.m.

Member's / Proxy's Signature

Notes :

1. Please bring this attendance slip to the meeting and handover at the entrance duly filled in.
2. Members are requested to bring copy of Annual Report with them.

**Route Map for AGM Venue**

Book-Post

To,

If undelivered, please return to :  
**SANGINITA CHEMICALS LIMITED**  
(CIN: L24100GJ2005PLC047292)  
Registered Office: 301, 3<sup>rd</sup> Floor, Shalin Complex,  
Sector - 11, Gandhinagar - 382011