

MANGALAM ORGANICS LIMITED

CIN: L24110MH1981PLC024742

 Village Kumbhivali, Savroli Kharpada Road
Khalapur - 410202, Dist: Raigad (Maharashtra)

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH 2017

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended on			Year ended on	
		31.03.2017 Audited	31.12.2016 Reviewed	31.03.2016 Audited	31.03.2017 Audited	31.03.2016 Audited
1	Income:					
(a)	Revenue from operations	4,953.61	4,421.32	3,615.75	19,669.70	18,857.53
(b)	Other income	17.64	30.30	3,080.50	67.72	3,124.09
	Total (1)	4,971.25	4,451.62	6,696.25	19,737.42	21,981.62
2	Expenses:					
(a)	Cost of materials consumed	2,180.70	2,398.38	2,517.29	10,682.66	14,237.10
(b)	Trading Purchase	-	103.63	63.93	208.72	524.14
(c)	Changes in inventories of Finished Goods & Work -in-Process & Stock in Trade	(78.97)	323.88	1,766.03	1,480.50	564.33
(d)	Employee benefit expenses	252.16	242.47	173.50	890.32	998.99
(e)	Finance cost	83.49	80.78	164.75	446.34	644.42
(f)	Depreciation and amortization expenses	125.91	131.99	142.98	529.69	530.10
(g)	Excise duty expenses	502.11	409.22	364.29	2,019.11	1,894.19
(h)	Other expenses	2,010.61	596.53	1,521.61	3,192.69	3,319.23
	Total (2)	5,076.01	4,286.88	6,714.38	19,450.03	22,712.50
3	Profit before exceptional / extraordinary items and Tax (1-2)	(104.76)	164.74	(18.13)	287.39	(730.88)
4	Exceptional items	-	-	-	-	-
5	Profit / (Loss) before extraordinary items and tax (3-4)	(104.76)	164.74	(18.13)	287.39	(730.88)
6	Extraordinary items	-	-	-	-	-
7	Profit / (Loss) before tax (5-6)	(104.76)	164.74	(18.13)	287.39	(730.88)
8	Tax expense					
	Current tax	90.00	-	-	90.00	-
	Deferred tax (Income)/ Expenses	(279.85)	-	-	(279.85)	303.22
9	Profit/ (Loss) for the period (7-8)	85.09	164.74	(18.13)	477.24	(1,034.10)
10	Paid-Up Equity Share Capital	905.27	905.27	905.27	905.27	905.27
11	Reserves excluding Revaluation Reserve				3,783.59	3,306.35
12	Earning per equity share (Nominal value of share Rs. 10/-					
	- Basic (Rs.)	0.94	1.82	(0.20)	5.27	(11.42)
	- Diluted (Rs.)	0.94	1.82	(0.20)	5.27	(11.42)

NOTES:

- The above Audited Financial Results were reviewed by the Audit Committee and thereafter were approved by the Board of Directors of the Company at its meeting held on 6th May, 2017.
- During the quarter, we have not received any investor's complaints & there were no investors complaints pending for redressal at the end of the quarter.
- The segment-wise reporting as defined in As-17 is not applicable since the Company has only one reportable segment 'Chemicals'.
- There was major fire in the Company's plant at Kumbhivali during June-2015 which has resulted in substantial loss of Plant & Machinery, Building & Inventories. The Company has lodged claim for the loss and disclosed the same as receivable in the Balance-sheet of March-2016. However, during the year 2016-17 the surveyor have assessed the final loss and balance amount not receivable has been written-off and shown in "Other expenses".
- Corresponding figures of the previous period / year have been re-grouped / rearranged wherever necessary to make them comparable.

 Place : Mumbai
Dated : 6th May, 2017.


For Mangalam Organics Limited

 Kamal Dujodwala
Chairman


Mangalam Organics Limited
Statement of Audited Assets and Liabilities

(Rs. In Lakhs)

	31st March-2017 Audited	31st March-2016 Audited
EQUITY AND LIABILITIES:		
Shareholder's Funds		
Share Capital	905.27	905.27
Reserves and Surplus	3,783.58	3,306.35
	4,688.85	4,211.62
Non-Current Liabilities		
Long-Term Borrowings	1,097.54	2,332.02
Deferred Tax Liabilities (Net)	573.83	853.67
Long Term Provisions	105.43	96.31
	1,776.80	3,282.00
Current Liabilities		
Short-Term Borrowings	3,801.20	3,818.11
Trade Payables	1,239.81	1,837.46
Other Current Liabilities	956.80	1,137.29
Short-Term Provisions	123.78	26.81
	6,121.59	6,819.67
Total Equity and Liabilities	12,587.24	14,313.29
ASSETS:		
Non-Current Assets		
Fixed Assets		
(i) Tangible Assets	3,222.71	3,476.69
(ii) Capital work-in-progress	7.96	-
Non-Current Investments	0.25	0.25
Long Term Loans and Advances	17.32	27.26
	3,248.24	3,504.20
Current Assets		
Inventories	3,753.82	4,406.19
Trade Receivables	1,724.12	1,219.49
Cash and Cash Equivalents	471.20	310.36
Short-term Loans and Advances	3,385.45	4,870.72
Other Current Assets	4.41	2.33
	9,339.00	10,809.09
Total Assets	12,587.24	14,313.29





AUDITOR'S REPORT

Independent Auditor's Report

To the Members of Mangalam Organics Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mangalam Organics Limited, which comprise the Balance Sheet as at 31st March, 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's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing 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 the 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. 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 financial statements.

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as 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 Statement 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 written representations received from the directors as on 31 March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of section 164(2) of the Act.





- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" ; and
- g) With respect to the other matters included in the Auditor's Report and to the best of our information and according to explanation given to us:
1. The Company has disclosed the impact of pending litigation on its financial position in its financial statement- Refer Note 27 of the financial statements.
 2. The Company does not have any long-term contracts including derivatives contracts for which there are no material foreseeable losses.
 3. During the current year, there is no amount which needs to be transferred to the Investor Education and Protection Fund by the Company.
 4. The Company has provided requisite disclosures in its financial statements as to holding as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 31, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 35.

For NGST & Associates
Chartered Accountants
(Registration No. 135159W)

Bhupendra Gandhi

(Bhupendra Gandhi)

Partner

Membership No. 122296



Place: Mumbai

Date: 6th May 2017



ANNEXURE – A TO AUDITOR’S REPORT

(Referred to our report of even date)

The Annexure referred to in our Independent Auditors’ Report to the members of the Company on the Financial Statements for the year ended 31st March, 2017, we report that:

- i) (a) *The company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.* However, the Company has informed us that it is in process of compilation.

(b) According to the information and explanation given to us, all the fixed assets have been physically verified by the management during the year and we are informed that the management on such verification has noticed no material discrepancies. In our opinion the frequency of verification is reasonable.

c) The title deeds of immovable properties are held in the name of the company except that they are mortgaged to bank as per the report given by the external valuer during the year and as per the management and we have relied upon the same.
- ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
(b) As explained to us, there is no material discrepancy noticed on physical verification of inventory as compared to book records.
- iii) (a) In our opinion and according to the information and explanation given to us the company has not granted any secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and therefore clause iii b and iii c are not applicable.
- iv) In our opinion and according to the information and explanation provided to us in respect of loans, investments, guarantees and security, the provisions of section 185 and 186 of the Companies Act 2013 have been complied with.
- v) In our opinion and according to the information and explanation given to us by the management, the company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.
- vi) The Central Government has prescribed maintenance of the cost records under sub section (1) of section 148 of the Companies Act, 2013 in respect to the company’s products. We have broadly reviewed the books of accounts & records maintained by the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made & maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.





vii) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, Excise duty, service tax, cess and other material statutory dues applicable to it have *generally* been regularly deposited with the appropriate authorities and no undisputed amounts payable in respect of these were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute except as stated below:-

Name of the statute	Nature of dues	Amount of demand	Payment of demand	Period to which the amount relate	Forum where dispute is pending
The Central Excise Act, 1944	Camphor Price difference – Excise duty	64,52,240	11,12,067 (Our Cum duty calculation as per supreme court order)	February 2004 to May 2005	CESTAT
The Central Excise Act, 1944	Excise duty	10,91,99,456	NIL	April 1999 to August 2003	High Court
The Central Excise Act, 1944	Excise Duty	1,68,88,229	1,45,58,818 (Cum duty)	September 2003 to November 2004	High Court
The Central Excise Act, 1944	Excise Duty	81,44,105	70,01,466 (Cum duty)	December 2004 to September 2005	CESTAT
The Central Excise Act, 1944	Interest	1,68,38,001	1,68,38,001	July 1999 to January 2004	Commissioner of Central Excise and Customs (Appeals) for excess calculation of Interest of Rs. 91,30,615/- paid under protest.
The Central Excise Act, 1944	Interest	2,20,73,762	2,20,74,070	September 2003 to November 2004	CESTAT


viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. Further, the Company has not issued any debenture.





- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). As per the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- x) During the course of our examination of the books and records of the company and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the company or any fraud on the company by its officers or employees, which has been noticed or reported during the current year, nor we have been informed of such case by the management.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) This clause is not applicable since the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv) The Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For NGST & Associates
Chartered Accountants
(Registration No.135159W)


(Bhupendra Gandhi)
Partner
M. Ship No. 122296
Place: Mumbai
Date: 6th May, 2017





ANNEXURE – B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (I) of Sub-Section 143 of The Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of Mangalam Organics Limited ('the company'), as of 31 March 2017, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 authorisations of management and directors of the company ; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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 31 March 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 NGST & Associates
Chartered Accountants
(Registration No.135159W)


(Bhupendra Gandhi)

Partner

M. Ship No. 122296

Place: Mumbai

Date: 6th May, 2017



Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 (Standalone)

I.

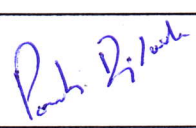
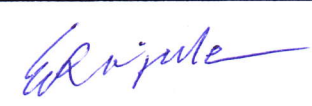
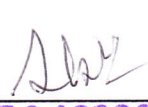
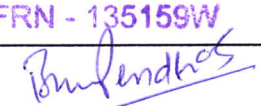
(Rs. In Lakhs)

Particulars	Audited Figures (as reported before adjusting For qualification)	Audited Figures (Audited figures after adjusting for qualification)
Turnover/ Total Income	19,737.42	Not applicable
Total Expenditure	19,450.03	
Net Profit/ (Loss)	477.24	
Earnings per Share	5.27	
Total Assets	12,587.24	
Total Liabilities	7,898.39	
Net Worth	4,688.85	
Any other financial item (as felt appropriate by the management)	Nil	

II. **Audit Qualification:**

- a. Details of Audit Qualification: **NIL**
- b. Type of Audit Qualification: **Not applicable**
- c. Frequency of Qualification: **Not applicable**
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: **Not Applicable**
- e. For Audit Qualification(s) where the impact is not quantified by the auditor:
 - (i) Management's estimation on the impact of audit qualification: **Not Applicable**
 - (ii) If Management is unable to estimate the impact, reasons for the same: **Not Applicable**
 - (iii) Auditor's comments on (i) or (ii) above: **Not Applicable**

III.

Signatories:	
• Managing Director	
• CFO	
• Audit Committee Chairman	
• Statutory Auditor	<p>For NGST & ASSOCIATES Chartered Accountants FRN - 135159W</p>  PARTNER

